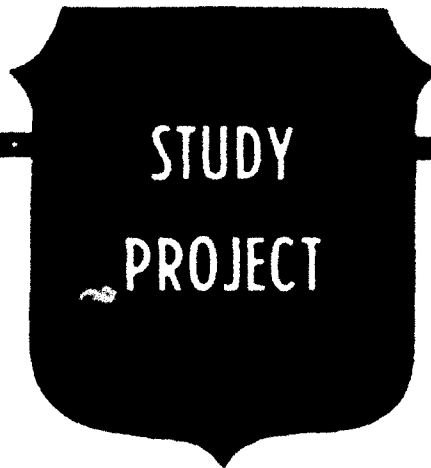
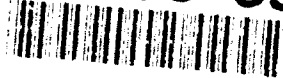


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**CIVILIAN PERSONNEL  
ADMINISTRATION IN THE ARMY:  
DECIDING THE FUTURE OF THE PROGRAM**

BY

**ANN M. McFADDEN**  
United States Department of the Army Civilian

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CIVILIAN PERSONNEL ADMINISTRATION IN THE ARMY:  
DECIDING THE FUTURE OF THE PROGRAM

AN INDIVIDUAL STUDY PROJECT

by

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## INTRODUCTION

The Army is downsizing due to mandated mission changes and Congressionally imposed budget reductions. These downsizing efforts are causing the Army leadership to alter missions, functions, and work processes both on the battlefield and in the supporting administrative infrastructure. Policy makers are now challenging the traditional roles and missions of the military services and redesigning and developing new battlefield doctrine.

Administrative doctrine should receive the same scrutiny. One key program supporting the administrative infrastructure of the Army is the Civilian Personnel Administration (CPA) program. The policies and programs developed and implemented by Army civilian personnel specialists support Army leaders as they recruit, develop, and assign the approximately 300,000 members of the civilian work force. The Army leadership needs to relook the entire CPA program and determine what its mission is and, more importantly, what its mission should be to support the new roles and missions of the Army.

The CPA leadership can deal with the changes associated with program shifts and budget cuts in many ways. The most common method is to reorganize--cutting personnel, shifting functions, and introducing new technologies--to achieve efficiencies. If the leadership chooses to reorganize, it may overlook the aspects of program effectiveness or quality in the process of achieving efficiencies or quantitative goals.

Rather than reorganizing to achieve mandated changes or budget reductions, this paper suggests that the program

leadership undertake a strategic planning process. This planning effort should focus on determining which functions should continue to be performed, which functions should be deleted, and whether new functions should be added to the CPA program. With this kind of quantitative and qualitative information in hand, the Army leadership can design and implement a civilian personnel program which will best meet the needs of the Army at a reasonable cost.

#### **Purpose and Methods of the Study**

This paper provides the information Army policy makers need to begin a strategic planning process. To define the current mission assigned to CPA, this paper presents in Chapter One a functional analysis of the program. It outlines the functions assigned to the headquarters and operating levels of the program by regulation and approved Manpower Staffing Standards (MS3) and provides information on how CPA operates within the Army, Department of Defense (DOD) and Federal government structures.

Chapter Two provides an analysis of the functions assigned to private sector human resource departments, derived from a review of the journal literature for the period 1982-1993. The Army and private sector functions are compared in Chapter Three. This comparison results in lists of functions performed solely by the Army CPA community; functions performed by both Army and private sector practitioners; and, functions performed in the private sector, but not in the Army. As the Army leadership begins the planning process, it should consider the private



sector initiatives not currently assigned to the Army program, many of which are on the cutting edge of social science theory or technology, as possible options for inclusion in the design of the Army program.

Chapter Four presents the framework for a strategic planning process the Army leadership could use to redesign or validate the mission of the CPA program. The process also supports the design and implementation of a vision for the future of the program supportive of current Army and DOD restructuring and policy reshaping initiatives.

The conclusions from the review of literature and functional comparison are:

- There are fundamental differences between the Army and private sector personnel programs, both in focus and in function.

- Private sector human resource/personnel practices and philosophies have relevance to the public sector and should be used as a source of options for leadership to consider in the redesign of the Army program.

- Strategic planning is a useful tool for reshaping the future and managing change. Planning should be conducted before implementing changes, especially reorganizations.

#### **Scope of the Study**

This paper deals with the functions assigned to the Army's civilian personnel administration (CPA) program. The Army operates two personnel systems, one for military personnel and one for civilian personnel. There are significant differences in

the operations and philosophies of the two personnel systems. The military personnel system supports people serving under a vastly different employment contract characterized by policies such as "up or out," rank in the person, and mandatory mobility. The military personnel system is centrally managed. Headquarters level personnel design a force structure and the personnel system subsequently assigns soldiers to fill the vacancies in the structure. Civilians working for the Army are not usually subject to these same terms of employment.

The civilian personnel system is decentralized. The system pays people for the work they do. Their "rank," or pay grade, is based on the classification of their current position, not their years of service as with the military. Civilians can change jobs and duty locations on a voluntary basis. They apply for a position, and, if selected, move to it. Local supervisors, not a central assignment system, select new employees. Supervisors can fill jobs with either current Army civilian employees or with employees from virtually any other source--other Federal agencies, academia or private industry--depending on the rules in force at the time of selection.

This paper, when discussing the elements of the Army program or of private sector programs, deals exclusively with the functions performed by civilian personnel administrators, those responsible for managing personnel systems, not with the personnel management practices used by managers and supervisors to lead and care for the work force. While the paper discusses

Army staff level CPA functions, it compares Army operating level functions with private sector human resource (HR) line, or operating, practices.

Information on private sector practices was derived from the literature in the interrelated fields of personnel administration, personnel management and human resources management. While there is some distinction between these terms, for the purposes of this study they are used interchangeably unless otherwise noted in the text.

The bulk of the literature on private sector human resources practices focuses not on the personnel functions themselves, but rather on the philosophy or the desired outcomes of performing the functions. From this information, however, I have attempted to develop lists of functions that can be usefully compared with the Army functional task lists. I have made every effort to be objective in this process. Making value judgements on the performance of selected functions or on program philosophy is beyond the scope of this paper.

## CHAPTER ONE: THE ARMY CIVILIAN PERSONNEL SYSTEM

### Background

In fiscal year (FY) 1992 the Army employed 399,549 civilian workers and 610,450 active duty soldiers (Army Civilians 14). Payroll costs for the 295,629 civilians paid as direct hire, military functions employees were \$12 billion (Army Civilians 1).<sup>1</sup> Reductions in defense spending are high on the agenda of the American public and the newly elected administration as they grapple with reducing the deficit and shifting the economy from its Cold War defense basis. Reducing payroll is one of the most effective ways to reduce costs. Numbers at this point are only speculative; but, it would not be unreasonable for the number of civilians employed by the Department of Army to decrease by approximately 25 percent, a reduction of approximately 100,000 civilian positions in the next five years.

These massive personnel cuts pose a challenge to the Army as an employer. The Army leadership must downsize the civilian work force using personnel policies and programs that are reasonable, fair and compassionate. It must balance the skills mix of the civilian force structure while taking reductions in some occupations and locations on the one hand and accepting new roles and missions. It must achieve this balance while continuing to maintain trained and ready fighting and support forces.

The CPA community plays several roles in this process of civilian personnel reduction and adjustment. First, it must develop and implement creative programs and policies that will

effectively manage the civilian work force reductions for the Army. It must also continue to perform its traditional mission of recruiting, compensating, and training workers in positions not cut as well as supporting those in jobs created by new missions.

Second, the CPA community must carefully scrutinize its own missions, functions, and processes. It must determine which of its functions should be eliminated, consolidated or reshaped in order to accommodate the substantial dollar and personnel cuts it will take in future budgets as part of the overall defense budget reductions. Only by modernizing its processes and increasing the productivity of its personnel can the CPA community deliver quality service at an affordable price.

The CPA community and the Army leadership should seize the challenge of accommodating drastic budget driven reductions to take control and craft the future. The only way that the Army can successfully manage in such a volatile environment is to plan for it. Planning must start with the basics, determining what functions the members of the CPA community should perform. Only after making a decision on this fundamental issue can the Army deal constructively with peripheral issues such as servicing ratios, manpower and dollar allocations to major commands (MACOMs), automated system support, organizational structure, and professional development strategies for personnel specialists and technicians.

A planning effort of this magnitude occurred in 1986-1987

when the Army leadership, based on the results of a 1985 Department of Army Inspector General (IG) special inspection of Army civilian personnel management, organized a task force to review the status of the personnel program and develop solutions to findings raised during the inspection. The principle finding from the IG report was that the civilian personnel system is overburdened with rules and regulations. This complex mass of rules makes civilian personnel specialists operating the system overly concerned with regulatory compliance and not as focused on helping managers deal with their civilian personnel management issues. The IG also found that military leaders were not providing effective leadership to the members of the civilian work force (Modernization Report 1986-1987, 1-3). If military leaders cannot understand the complex civilian personnel system, they cannot use it effectively.

In June 1987 the Co-Directors of the Civilian Personnel Modernization Project delivered to the Chief of Staff of the Army a report outlining their vision for a "modernized" civilian personnel system and the steps for achieving it (Weatherholt and Eckelbarger 1987). The Chief of Staff approved the recommendations, and the Modernization Project became the focus for planning and managing change through 1990.

Many of the major policy shifts recommended in the report that would have made the personnel system a much more effective tool for management, the CPA community could not accomplish. One recommendation, for example, to change the civilian compensation

system to make it easier for managers to use and more market sensitive required major legislation that neither OPM nor the Congress would fully support. The Army recommendation did serve as a catalyst for major legislative reform, but the final Federal policy fell short of the Army recommendation.

The Civilian Personnel community can take pride in the fact, however, that it did accomplish the bulk of the recommendations for policy shifts within the realm of Army authority. For example, policy proponents reduced the number of Army regulations by half. The Army leadership also supported increased resourcing of civilian leadership skills training by establishing the Army Management Staff College as a civilian equivalent to the military Command and General Staff College.

The success of the Modernization Project is due to the comprehensive planning methods used to develop its concept design and implementation strategy. After the task force delivered the final report and handed off the implementation of its recommendations to the responsible policy offices, the planning group disbanded. The impetus for continued strategic planning dissipated.

The Army once again faces challenges requiring it to assess its roles, missions and operating methods. The civilian personnel community must reconstitute its planning mechanism if it is to deal effectively with the future of its program. To develop a vision of the future, the CPA leadership should follow the example of the Civilian Personnel Modernization Task force.

They should not limit their analysis to current civilian personnel policies, philosophies and programs or to organizational restructuring to achieve efficiencies.

They must build a vision, just as the Modernization Project task force did, based on an integrative planning process which takes into account customer requirements<sup>2</sup>, availability of technology, resource availability (dollars, time and human capital), structural options, organizational politics, and the study of state-of-the-art personnel practices. This kind of a systems approach to strategic planning is the most effective tool available to the Army to support the design of a truly efficient and effective personnel program.

Strategic planning is a continuing process of examining the status of a program; validating its current mission or designing/redesigning it; and, determining how to achieve its future goals. It is an organized method for considering and answering three fundamental planning questions: "What is our business, what should it be, what will it be?" (Drucker 1974, 524).

#### **WHAT IS OUR BUSINESS?**

The best way to define the "business" of the CPA function in the Army is to develop a list of functions assigned to it at both the staff and operating levels. To put these lists of functions into an understandable context, it is important to:

- define the term civilian personnel administration,
- discuss the key players who influence CPA policy and



program design, and

--examine the philosophical and organizational context within which CPA operates.

**Army Civilian Personnel Administration: A Definition**

CPA program objectives define the scope of the program. The Army regulatory structure outlines its objectives. Army Regulation (AR) 10-20, Organization and Functions: Civilian Personnel Administration, defines the role of civilian personnel administration in the overall personnel management program.

"The basic objective of civilian personnel administration is to provide the civilian work force necessary to support the Army in order that its responsibility for the defense of the Nation may be carried out most effectively. To meet this goal, civilian personnel officers at all levels will provide service commanders the service and assistance necessary to obtain, compensate, develop, use, and retain an effective work force in all organizational units employing civilians" (AR 10-20, Sec. I, para. 4, 1974).

The Difference Between Civilian Personnel Administration and Civilian Personnel Management. The responsibility for implementing civilian personnel management objectives rests clearly within the supervisory structure. AR 690-950, chapter 250, subchapter 5, states that civilian personnel office (CPO) staff members administer programs supporting the personnel management responsibilities of supervisors and managers. They cannot, nor should they presume to, perform activities properly assigned to the chain of command.

"Management of the workforce (sic) is the responsibility of the activity commander and is exercised through the line of supervision. Managers are responsible to the commander for effective leadership and management

of the organizational segments of the workforce (sic) under their supervision. They are directly responsible for the development and effective utilization of of (sic) subordinate supervisors, for effective participation in personnel management program planning and evaluation, and for establishing a work environment which will make for positive employee motivation and high performance" (AR 690-950, Chapter 250.5, para. 5-3a(1)).

| MANAGER/<br>SUPERVISOR | CIVILIAN<br>PERSONNEL OFFICER   |
|------------------------|---------------------------------|
| -Personnel Mgr         | -Personnel System Administrator |
| --Leads                | --Acts for the                  |
| --Selects              | Commander in                    |
| --Trains               | administering                   |
| --Rewards              | personnel                       |
| --Disciplines          | programs                        |
| --Separates            | +Recruitment                    |
| --Coaches              | +Placement                      |
| --Counsels             | +Classification                 |
| --Mentors              | +Grievance/<br>Appeals          |
|                        | --Assures due<br>process        |

**Figure 1.** Responsibilities of the Chain of Command versus the CPO

Figure 1 shows the relationship between the civilian personnel administration community and the commanders and managers responsible for civilian personnel management. Simply stated, personnel administration refers to those functions performed by personnel technicians and specialists who operate

personnel systems supporting management's personnel management activities. For example, managers determine what qualifications are necessary to fill a vacant position. They also decide who to hire. Personnel specialists, using personnel systems and following legal requirements and negotiated procedures, develop recruiting strategies, review the qualifications of applicants for positions against those determined by management, and forward lists of qualified candidates to management for selection.

These technical personnel processes--determining where and

how to recruit and applying existing legal requirements to internal personnel procedures--fall into the category of personnel administration. Personnel management is the leading and caring for the civilian work force to increase productivity. It is also the responsibility delegated to managers and supervisors to hire, fire, reward, develop, discipline, and set compensation levels for their employees.

### **Key Players**

The Army and the Federal Personnel Community. The Army leadership does not have the same level of control over the development of personnel management policy for its civilian work force as it does for its military work force. Most personnel programs are centrally developed for the entire Federal civilian work force by the Office of Personnel Management (OPM). OPM is the President's "arm for managing the personnel aspects of the federal bureaucracy" (Shafritz 1992). For example, benefits programs--life insurance, health insurance, and retirement--are centrally designed by OPM, but locally implemented at Army CPOs.

Basic policy in the areas of merit promotion (initial entry criteria and promotion policy), compensation practices and standards, reduction in force and separation criteria, certain negotiability requirements with labor unions, and appeal rights are codified in law or policy issued by OPM, the Merit Systems Protection Board (MSPB), or the Federal Labor Relations Authority (FLRA). Policy in the areas of affirmative action and equal employment opportunity (EEO) is issued by the Equal Employment

Opportunity Commission (EEOC).<sup>3</sup>

This control over key aspects of the personnel system by an organization outside the Army has important implications for the Army leadership. While the Army may have unique situations driven by its mission or level of resourcing requiring the use of unique employment practices, it must abide by laws and policies developed by OPM and approved by the Congress for all Federal agencies. Since OPM must develop policies which will satisfy the current Administration, all Federal agencies, the unions and Members of Congress, it is unable to develop or change policies quickly. The end product of this participative process is a policy and supportive regulatory framework that is complex and ambiguous. The Army may only supplement OPM policy within guidelines established by OPM, and OPM evaluators hold the Army accountable for upholding the letter of the law and policies. This enforcement mechanism only reinforces the technical focus of the program.

The fundamental difference in authority for personnel policy development for soldiers and civilians contributes to the lack of leadership involvement in the civilian personnel process. Innovative programs often cannot be implemented because they are in violation of law or OPM regulation. The effort to change OPM regulations requires a great deal of resources and the chance of success is minimal.

Role of DOD in Policy Development. The authority to make policy, or to regulate, and to effect personnel actions is

normally authorized

"in law, regulations having the effect of law, court decisions, Presidential directives, interpretations of precedents in directives of appropriate authorities, or tradition, as well as in the Constitution itself" (FPM 250, Subchapter 1, para. 1-3).<sup>4</sup>

These authorities, the legal bases for implementing the civilian personnel program, are delegated to agency heads themselves, not to the position of agency head. Based on statute, the Secretary of Defense receives direct delegations to implement personnel regulations. The Secretary of Defense traditionally has redelegated these authorities directly to the individual service Secretaries with little to no supplementation. This has given them the freedom to develop and implement policy as they felt best met their service unique requirements.

In 1990, when it became apparent that DOD would be subject to significant budget reductions, analysts in the Office of the Secretary of Defense (OSD) began to relook their policy role in the area of civilian personnel administration. They determined that significant cost savings could be achieved through the elimination of redundancies among the services through consolidation of functions at the DOD level. This "Economies and Efficiencies" movement by DOD led to a two-phased study begun in 1991 under the leadership of the Assistant Secretary of Defense (Force Management and Personnel) (ASD(FM&P)). The first phase recommendation, adopted in December 1991, recommended the consolidation of common civilian personnel regulations and the chartering of a Steering Group to study the consolidation of

common civilian personnel administration functions and support services presently provided separately by each Component (Sage 1993, 1-2)

The Steering Group recommended the consolidation of nine common functions. Defense Management Report Decision (DMRD) 974, subject: Civilian Personnel Administration Efficiencies, dated 15 December 1992, approved the consolidation. See Table 1-1 below for a listing of the specific functions involved in the consolidation<sup>5</sup>. These functions will be performed by a newly created Defense Civilian Personnel Center (DCPC) reporting to OSD or by components serving as executive agents of OSD. DCPC is drawing over 250 spaces from the components to perform these functions and estimates savings to DOD of over \$25 million. The Army share of this realignment is 100 spaces. There are other functions under review at DOD, and it is possible that DOD will consolidate additional programs and capitalize spaces capitalized in support of them (Sheil 1993).

| <b>Table 1-1. Common Administrative Functions Consolidated at DOD by DMRD 974.</b>   |
|--|
| --Special pay rate determinations  |
| --Classification appeals and grade consistency reviews   |
| --Civilian EEO program manager, specialist, counselor training   |
| --Technical advice, training and implementing guidance to the field in the areas of: labor relations and other 3rd party dispute matters, entitlements and benefits, compensation, and position classification |
| --Injury and unemployment compensation claims review and verification  |
| --Complaint and grievance investigations   |

**Table 1-1. Common Administrative Functions Consolidated at DOD by DMRD 974.**

|   |
|---|
| --Senior Executive Service (SES) training and orientation programs            |
| --Benefits administration information (e.g., health insurance and retirement) |
| --Relocation services for permanent change of station (PCS)                   |

In addition to the functions listed in Table 1-1, OSD directed that the Navy develop by the end of fiscal year (FY) 1993 a new personnel management evaluation methodology which is outcome based rather than compliance oriented. Assuming approval of the design, all component evaluation programs could be consolidated. In the area of civilian technical, functional and managerial training, OSD has directed the to Army test a more business like approach to training delivery. Currently, each service training facility provides training to a captive audience within its component. Army will test a process allowing each component to compete for trainees from other DOD components. If the test yields dollar savings, civilian training could be consolidated at the DOD level (DMRD 974 1992, 1).

This much more active role on the part of DOD in functions other than budgeting is a major catalyst for the Army leadership to develop a blueprint for the future. Where DOD was once a passive stakeholder in Army civilian personnel policy development, it must now be considered as a major player.<sup>6</sup>

#### **Philosophical Context**

The Modernization project based its recommended program and

policy changes on a set of "Guiding Principles." These principles, listed in Appendix A, formed the philosophical basis for modernizing the civilian personnel system. These principles continue to provide the philosophical basis for the development of civilian personnel policies, programs, and technical training in the CPA program. They reinforce the fact that civilians are an important part of the total Army team. They support sound employment practices, such as equal employment opportunity and respect for the individual. The principles validate the continued applicability to modern personnel management of the Merit Principles outlined in Title V which form the legal foundation of the Federal Civil Serve System. They also support the traditional decentralized operation of the Army civilian personnel system and, perhaps most important, support deregulation.

Unfortunately, these principles are not published in any regulation and do not carry the force of policy. By not incorporating them into the regulatory structure, the CPA leadership has relegated them to indefinite association with the Modernization Project. With time, personnel specialists not involved in the project will not remember them. What they will turn to for guidance on the job is the technically oriented philosophy in the Army and OPM regulatory structures.

These regulations serve as the basis for the Army personnel management evaluation program, an inspection function carried out by members of the staff of the U.S. Army Civilian Personnel



Evaluation Agency (USAPEA).<sup>7</sup> In the USAPEA survey manual published as a guide for evaluating civilian personnel programs at the MACOM and operating levels around the Army, the authors state that USAPEA responsibilities are to:

"monitor regulatory compliance; to review performance of Civilian Personnel Management and Administration in major Army Command (MACOM) and installations; and to measure the adequacy of DA civilian personnel leadership in the field" (USAPEA 1990, 1).

A review of this manual, then, provides information, not so much on specific functions assigned to the CPO, but on the context within which the Army leadership, according to its written policy statements, expects service to be delivered at the operating level. The manual has a strong technical orientation, as do the regulations on which it is based. The philosophy being that personnel specialists deliver quality service when they do it according to the existing rules.

### **Organizational Context**

Staff Level Functions. This paper discusses the functions performed at the staff level only to provide a better understanding of the operations of the Army CPA program. Understanding the functions assigned to the Army staff and its authority for making policy are key elements of any planning process, since it is the staff that develops regulations and controls career development of specialists in the CPA field.

The functions performed at the HQDA staff level fall into three major categories--policy, programs, and operations. The three organizational entities assigned the responsibility for

performing these staff level functions are the Office of the Assistant Secretary of the Army (Manpower & Reserve Affairs); the Office of the Deputy Chief of Staff for Personnel (DCSPER), specifically, the Office of the Director of Civilian Personnel (DCP); and, the Civilian Personnel Management Directorate (CPMD), U.S. Total Army Personnel Command (PERSCOM).<sup>8</sup>

The OASA(MRA) approves policy; the DCP develops and recommends policy; and the CPMD, principally an operating arm of the HQDA, designs programs and develops policy for Army unique programs.

Staff level functions are also performed at the Major Command (MACOM) level of organization. MACOMs exist as a staff function organizationally placed between the Headquarters, Department of the Army (HQDA), level and the installation or activity levels (i.e., the operating level). This paper will not address the functions assigned to the MACOM staff in the CPA area since they are similar to those performed at HQDA, but deal with MACOM unique civilian personnel requirements.<sup>9</sup>

Policy design, development, approval and interpretation.

Policy can either be written to supplement DOD or OPM regulations or it can be written to define the parameters of Army unique programs. Table 1-2 lists those areas in which the staff has the authority to develop or supplement policy.

**Table 1-2. Staff Level Policy Functions.**

Develops and promulgates policy in the following areas:

- Mobilization of U.S. citizens and local national employees
- Civilian Personnel Administration program evaluation (personnel management evaluation)

**Table 1-2. Staff Level Policy Functions.**

Develops and promulgates policy in the following areas:

--Personnel files and records

--Leave, hours of work

--Security and suitability

--Civilian Personnel Office (CPO) organization structure, functions, and servicing agreements

--Overseas employment practices for U.S. citizens and local nationals

--Paperwork and records management

--Labor relations

--Discipline, adverse actions, employee services, communications, performance evaluation, standards of conduct

--Awards

--Employment: recruitment, examination, affirmative staffing actions

--Career management

--Employment of special categories of personnel: part-time, attorneys, experts and consultants, medical officers and intelligence specialists, special emphasis (disadvantaged youth, President's Stay-in-School, Vietnam era and disabled veterans, disabled persons, cooperative education program)

--Merit promotion and internal placement: upward mobility, competitive promotion, job qualifications analysis and candidate evaluation

--Reduction in force and transfer of function

--Civilian training and development

--Classification and job evaluation

--Senior Executive Service employment and compensation

--Intergovernmental Personnel Act assignments

--Family member employment

--Nonappropriated Fund civilian personnel policy

--Processing personnel actions

--Civilian personnel automation systems

(Sources: Chief of Staff Regulation No. 10-21 and

PERSCOM Regulation 10-17 (in draft))

Program Design, Development, Approval, and Interpretation.

Within the structure of existing policy, the staff develops personnel programs to meet the unique needs of the Army as a whole. Centrally designed Army wide programs have several positive benefits. By avoiding redundancy of program development efforts at the 150 plus CPOs around the world, central program design can save resources.

Central programs also support Army wide rather than installation specific personnel management objectives. A prime example of this is the career intern program. Army headquarters provides spaces and dollars to MACOMs and installations to hire and train interns for the 26 Army career programs. Upon completion of their training programs, interns are available for placement anywhere the Army has an opening for their skills. Installations feel that if they train the interns, they should be able to keep them. This is good for the installation, but it does not support the continuing development of a valuable asset for the Army.

The programs listed in Table 1-3 below are centrally designed and are either locally or centrally administered.

| Table 1-3. Staff Level Program Development Functions.              |  |
|--|--|
| <u>Centrally Administered</u>                                      | <u>Locally Administered</u>  |
| --Research and development in state-of-the-art personnel practices | --Personnel data systems (e.g., MIS, decision support systems, expert systems) |
| --FOIA and privacy act   | --Civilian leader development  |

| <b>Table 1-3. Staff Level Program Development Functions.</b> |  |
|--|--|
| <u>Centrally Administered</u>                                | <u>Locally Administered</u>  |
| --CPA personnel program evaluation and special studies       | --Executive, manager, supervisory training   |
| --New training technologies clearinghouse                    | --Army Civilian Training, Education, and Development System (ACTEDS)   |
| --Long-term training   | --Personnel Proponent System   |
| --Outplacement of surplus employees (DOD Priority Placement) | --Retraining of surplus and displaced employees  |
| --Occupational studies and standards development             | --Position management  |
| --CPA technical training delivery and career ladder design   | --Central career programs <ul style="list-style-type: none"> <li>- intern hiring and development</li> <li>- mobility</li> <li>- career counseling</li> </ul> |
| --Overseas recruitment                                       |  |
| --Central assignment for (GS/GM 13 - 15) employees           |  |

(Sources: Chief of Staff Regulation No. 10-21 and PERSCOM Regulation 10-17 (in draft))

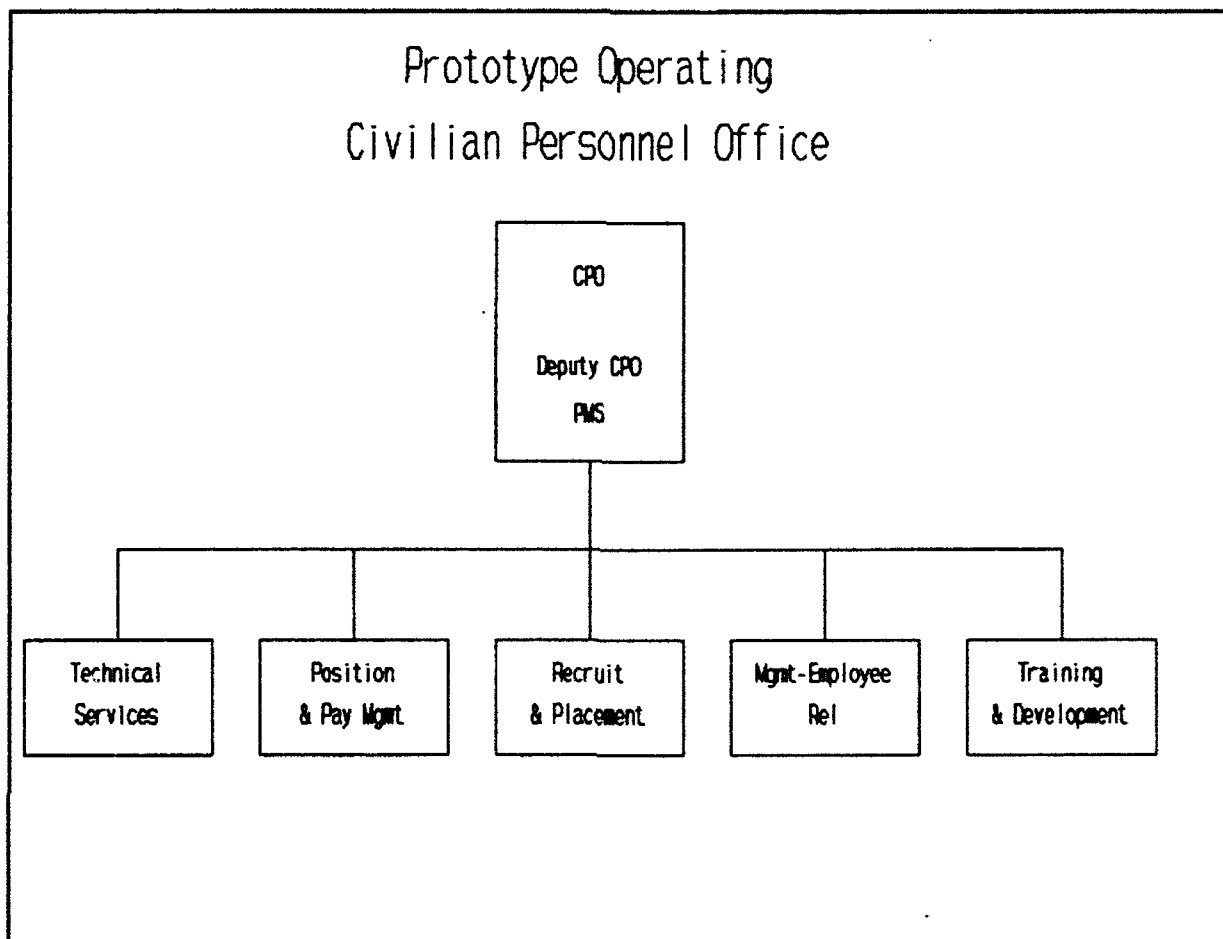
Staff level operational functions. Every organization creates its own administrative overhead, that is, work that is not necessarily a product to the ultimate customer but supports the design and development of the products the customer requires. Table 1-4 below lists administrative staff functions performed by staff personnel.

| <b>Table 1-4. Staff level administrative operations.</b>                       |
|--|
| --Army position on draft DOD and Federal regulations, legislation and programs |
| --Annual program evaluation report   |

|   |
|---|
| <b>Table 1-4. Staff level administrative operations.</b>  |
| --Input to Army-wide planning   |
| --Intra-CPA communications: weekly Civilian Personnel Bulletin  |
| --Executive Secretary, Army Incentive Awards Board  |
| --Enabling legislation development  |
| --Family member action plan implementation  |
| --Evaluating/approving exceptions to policy and waiver requests (when DA has approval authority)  |
| --Budget preparation, PPBES input   |
| --Manpower planning and allocation; manpower staffing standards approval for CPA career field   |
| --Developing/representing the official Army position to agencies and personnel outside the Army (e.g., correspondence, public relations efforts, testimony)   |
| --Reports on civilian personnel data to OPM and DOD   |
| --Policy and program guidance, interpretation, and technical assistance to the field in all policy and program areas  |
| --Civilian training and development budget administration   |
| --Consolidates field requests, reviews, approves and forwards to appropriate final approval authority: <ul style="list-style-type: none"> <li>- delegation of examining authority</li> <li>- direct hire authority</li> <li>- major reduction in force (RIF)</li> <li>- "early out" retirement</li> <li>- overseas base closure and realignment</li> <li>- exceptions to DOD imposed hiring freeze</li> </ul> |

(Sources: Chief of Staff Regulation No. 10-21 and  
PERSCOM Regulation 10-17 (in draft))

Operating Level Civilian Personnel Administration. The Army establishes operating Civilian Personnel Offices (CPO) to support commanders and managers as they exercise their responsibility to lead and care for the civilian work force. The organizational level where direct support is provided to commanders and managers is defined as the "operating level." Normally, Civilian



**Figure 2. Prototype Civilian Personnel Office  
(Operating Level)**

Personnel Officers report directly to the installation or activity commander and serve as the principal advisor on civilian personnel matters. The organization structure of a CPO varies by location. Regardless of organization structure, functions are normally grouped for discussion purposes into the major categories represented in Figure 2, Prototype Civilian Personnel Office (AR 690-950, chapter 250, S5).

The sources used to develop the lists of functions presented

in this paper are AR 690-950, chapter 250, subchapter 5, Organization and Functions of Operating Civilian Personnel Offices, dated 3 May 1968, and MOFI-STD-E Memorandum, Subject: Civilian Personnel Office (CPO) Manpower Staffing Standard Study (MS-3) Initial Application, dated 18 July 1991. The functions derived from these two sources were compared to the functions outlined in the Civilian Personnel Administration Career Program ACTEDS Plan, dated 22 March 1991, and the results of the CODAP Job Analysis for CPA, conducted in 1981, which was used as the basis for developing the selection criteria for the central promotion and referral system for grade 13 and above positions in CPA. The USAPEA Civilian Personnel Management Survey Manual was also used as a reference to provide insight into how the functions are performed at the operating level.

The functions common to each of the technical functional areas are listed in Table 1-5 below.

| <b>Table 1-5. Functions Common to All Operating Level Technical Areas.</b> |
|--|
| --Technical advice and assistance to management                            |
| --Technical advice and assistance to employees                             |
| --Processing personnel actions   |
| --Conducting technical training  |
| --Local policy development   |
| --Program planning and evaluation  |
| --Mobilization planning  |

Office of the Civilian Personnel Officer. Personnel officers are responsible for providing personnel management



advice and assistance to management. They also manage the internal operations of the CPO. Table 1-6 lists those functions assigned to the Office of the Civilian Personnel Officer.

**Table 1-6. Functions of the Office of the Civilian Personnel Officer.**

|  |
|--|
| --Advisor to local management on civilian personnel management   |
| --Management of the appropriated (AF) and nonappropriated (NAF) personnel programs (e.g., budget, personnel) |
| --AF and NAF program administration  |
| --Development of local CPA policies  |
| --Management of the CPO work force   |
| --CF, program planning and evaluation  |

The Survey Manual recognizes that a high performing civilian personnel officer is one who actively participates in top management program planning; supports major Army programs; and, provides advice that is innovative, analytical, and responsive. Some examples of specific "points of excellence" are:

- the CPO has an adequate share of resources;
- uses resources in such a way as to minimize costs while maintaining quality service;
- personnel actions within the CPO are close to 100 percent compliance;
- work force image of CPO is satisfactory; and
- CPO leads by example in the areas of effective recruiting, staff development, recognition of staff, EEO, and good position management.

Technical Services Office (TSO). The TSO is the

administrative hub of the CPO. The Army is the only agency within the Federal government to recognize a TSO function. The Army established the function in the 1960s. At that time, the program leadership saw a need for one office to be responsible for analyzing directives and other issuances for applicability to serviced activities and to provide overall expert knowledge of legal and regulatory requirements to the entire CPO staff.

In the last few years, as automation has become more available, the TSO administrative functions have been distributed throughout the CPO in an attempt to gain work process efficiencies. Legal and regulatory responsibility now falls exclusively to members of each of the functional areas. While TSOs are being disestablished in many CPOs, Table 1-7 lists the functions which must be performed regardless of organizational location.

| <b>Table 1-7. Functions of the Technical Services Office.</b>              |
|--|
| --Personnel action processing  |
| --Employee benefits administration   |
| --Central files and publications maintenance                               |
| --Personnel data systems management*                                       |
| --CPO administrative support (e.g., reports preparation, suspense control) |
| --New employee orientation   |
| --Permanent change of station processing                                   |
| --Privacy Act and FOIA   |
| --Internal audit for legal and regulatory compliance                       |
| --Legal and regulatory expert  |

\*This is a major function which is resource intensive. It may be assigned to a separate Personnel Systems Manager function (see

Table 1-13).

"Points of excellence" for the TSO function include:

- Substantive, documented audits of personnel actions (personnel files and back-up files) where problems are identified, causes found and corrective action taken;
- No improper release or denial of information;
- Retirement applications submitted four to six weeks prior to separation date are submitted to payroll no later than 2 weeks prior to separation; and,
- Timely and accurate information is provided to the work force on benefit programs and pay and allowances.

Position Management and Classification (PM&C). The responsibility of this function is to advise management on how to structure their organizations to achieve "a balance between economy, efficiency, skills utilization and employee development, and within the framework of governing statutes and regulations, to provide pay commensurate with knowledge and skills requirements" (AR 250 para 5-11).

In the last few years policy changes have affected the PM&C function. As a result of a Civilian Personnel Modernization Project recommendation, within the Department of Army, commanders may delegate the authority to classify jobs to trained managers under the Manage Civilians to Budget initiative.<sup>10</sup> Previously, only classification specialists could classify a job. Rather than diminish the role of the PM&C function, this increased involvement by management in the classification and pay process

should increase the level of management's interest in the program and enhance the role of the functional specialist as an advisor to management on compensation and the efficient design of organizational structures. The PM&C staff performs the functions listed in Table 1-8.

| <b>Table 1-8. Functions of Position Management and Classification.</b>   |
|--|
| --Position management (e.g., reorganization studies, management efficiency reviews)  |
| --Job classification advice (implements new classification standards, establishes/abolishes positions, conducts classification reviews/audits) |
| --Wage survey participation  |
| --Classification complaints and appeals  |

The Survey Manual breaks this function into two categories--position classification and position management. Position classification review items focus on jobs being properly graded (equates to salary level) and classified to an occupational series (skills coding process), application of new standards, job description accuracy, speed of processing classification actions, publication of complaints and appeal processes to the work force, and the accuracy of Fair Labor Standards Act (FLSA) determinations. They define customer care as managers receiving feedback on the status of PM&C actions and helping them handle job complaints and interpreting classification standards.

The manual sets evaluation criteria for position management as "the degree to which an activity's position structure contributes to the efficiency of mission accomplishment, and the

degree of compliance with Army position management policies" (102). Excellence is reasonable supervisor/action officer/support personnel ratios, structure providing for career progression, average grade calculated and provided to management at least semi-annually, 90 percent of third level supervisors have a position management element in their performance standards, position management training is given to supervisors, studies are conducted without delay, and a system is available for resolving position management questions.

Labor Management-Employee Relations (LMER). At the operating level, one survey finds that commanders consider this function as the one most necessary to mission accomplishment.<sup>11</sup> The LMER function is responsible for assisting management in its relations with employees and unions in order to maintain a positive work environment supportive of productivity and employee satisfaction.

| <b>Table 1-9. Functions of Labor/Management-Employee Relations.</b>               |
|---|
| --Labor program administration  |
| --Performance management system administration                                    |
| --Civilian awards and recognition program administration                          |
| --Disciplinary and adverse action administration                                  |
| --Grievance and appeal process administration                                     |
| --Employee-management communications and relations (motivation and morale)        |
| --Employee counseling   |
| --Employee services (e.g., mental health, child care and facilities availability) |

The Survey Manual deals separately with Labor Relations and Management-Employee Relations. In the area of Labor Relations, they say that the program cannot be reduced to a quantitative analysis because a labor relations program can meet all of the criteria for effective program management but not be successful. Therefore, evaluators must look at causes of labor issues and how the program deals with the effects.

They say that they must assess the management-employee relations program based on the organizational environment (new missions, new supervisors, new commander). Points of excellence include:

- sick leave usage per employee does not exceed the Army average or goal and that there is a program in place to control the use of sick leave;

- disciplinary and performance-based actions are taken when necessary;

- procedural errors are not the cause of management being reversed in third party hearings;

- grievances are resolved quickly and informally; and,

- management is sustained completely in appeal actions.

In the area of performance management they say that employees should receive performance standards within 30 of assignment or the end of the rating period, that the distribution of ratings reflects meaningful distinctions in performance, and that managers prepare them within 60 days of the due date. They say that a good program is one where 5-15 percent of the civilian

work force receives some form of monetary incentive award.

Recruitment and Placement (R&P). R&P specialists are responsible for providing, in compliance with merit promotion and equal employment opportunity guidelines and other legal and regulatory provisions, the quality and quantity of civilian personnel needed to accomplish the local mission.

| <b>Table 1-10. Functions of Recruitment and Placement.</b>  |
|---|
| --Analysis of staffing requirements and resources (i.e., staffing planning and market analysis)                       |
| --Recruitment   |
| --Inservice placement (i.e., promotion, reassignment, details, nonpersonal adverse actions such as RIF, outplacement) |
| --Analysis of applicant qualifications  |
| --Applicant assistance  |
| --Delegation of direct hire and examining authorities   |
| --Special employment program administration   |
| --RIF/transfer of function (TOF) administration and implementation  |
| --Job information center  |
| --Career program administration   |
| --Complaint processing  |
| --Commercial activities program assistance  |
| --Affirmative action planning and implementation  |
| --Family member assistance  |
| --Suitability and security  |
| --Job analysis, job announcement, testing, rating panels  |

The Survey Manual defines an "effective and legal staffing program" as one that has all required programs and program plans in place, achieves a regulatory compliance rate of 98-100

percent, fill time does not exceed 100 days, and the Army headquarters or the MACOM have not pulled spaces or dollars from the installation due to a failure to fill jobs. In addition staffing specialists should:

- achieve 90 percent or more of hiring under goals established for special employment programs;

- reduction-in-force (RIF) actions meet regulatory requirements, competitive levels/areas are documented and reviewed, and RIF avoidance actions are used to minimize RIF impact;

- clear audit trails are established for staffing actions;

- no pattern of improper application of qualifications standards is found;

- a candidate evaluation system is in place which identifies the best qualified candidates;

- quality and quantity of candidates referred are acceptable to management; and,

- applicants and managers receive counseling and training and information on staffing topics.

Training and Development (T&D). This function is responsible for supporting management in developing and using the skills of the civilian work force.

|   |
|---|
| <b>Table 1-11. Functions of Training and Development.</b> |
| --Training course design, presentation and evaluation     |
| --Annual training needs survey and training plan          |
| --Training program administration (e.g, budget)           |



|   |
|---|
| <b>Table 1-11. Functions of Training and Development.</b> |
| --Training facility management                            |
| --Training committee support                              |

The Survey Manual focuses its attention for a quality program on how the CPO demonstrates "significant savings or economies achieved through better use of training resources, or measurable mission improvements attributable to training efforts" (105). Specific points of excellence include:

- individualized training plans are developed;

- training required by law or regulation is completed with few exceptions (for example, 90 percent of new supervisors are trained within six months of their first supervisory assignment);

- executive development training is planned, executed, and evaluated;

- an annual evaluation is completed and is used as the basis for improving future training programs and cost avoidance or cost savings; and,

- training actions are 90-95 percent in compliance with Army and OPM requirements.

Personnel Systems Management (PSM). The PSM function is treated as a separate work center under the MS-3 standard. Organizationally, the function may be placed under the TSO function or it may operate as a separate function. The CPA program has made automation of the personnel administration function a priority for the last ten years. The Army has

successfully fielded a sophisticated management information system which maintains employee data for reporting and analytical purposes, prepares most personnel action paperwork, edits technical data fed into the system, monitors suspense dates for personnel actions, and updates salary tables. The Survey Manual expects that the error rate in the system will be no more than 5 percent, and that no more than 5 percent of the actions will remain to be processed 60 days after receipt.

| <b>Table 1-12. Functions of Personnel Systems Management.</b>          |
|--|
| --Systems administration   |
| --In-house system development (i.e., local unique program development) |
| --Systems maintenance  |
| --System security  |
| --Library maintenance  |
| --Data base queries  |

### **Summary and Conclusions**

This chapter discusses some of the principle factors in the environment driving the Civilian Personnel Administration program toward change. Beyond the organizational boundaries of CPA, the environment external to the program, is the mandate to consume fewer resources and achieve budget driven economies and efficiencies. These reductions are being driven by the American people, the current Administration and the Congress and are being enforced by the Department of Defense. The Army leadership must downsize the civilian work force significantly to achieve to meet

these budget cuts. The Civilian Personnel Administration as part of the total Army will also be cut in size and in dollars available while they must maintain an appropriate level of personnel service to remaining managers and workers.

To respond to the need to cut the civilian personnel program while it is facing a heavy workload associated with downsizing and to prepare to meet the challenges presented by new Army roles and missions, this paper suggests that the Army leadership begin a process of strategic planning. It contends that strategic planning provides a more creative and comprehensive method for leveraging the opportunities and taking control of the turbulence in the environment than planned restructuring. To substantiate this contention, it presents a data collection effort that will help the Army leadership decide if they want to conduct a planning effort.

This chapter summarizes key issues in the environment: the magnitude of the budget cuts and downsizing, DOD consolidations, military frustrations with the complexity of the civilian personnel system, the Army's lack of control over civilian personnel policy development, and the technical orientation of the program, and the impact of previous and ongoing planning efforts. It also lists the functions assigned to CPA at both the staff and operating levels and selected criteria used to evaluate the effectiveness of the program by Army evaluators. These lists of functions serve to remind the CPA program leadership of which functions are resourced and being performed and the focus of the

program as represented by regulation and authorization documents.

The chapter draws several conclusions from this review of the Army civilian personnel program that the Army leadership as they consider moving into a strategic planning process. First, planning is a necessity for managing the diversity and size of the Army work force and the complexity of the civilian personnel system. The civilian personnel administration system supports the management of a constantly fluctuating civilian work force of 300,000 to 400,000 civilians working at over 200 sites around the world. Managing a work force of this size is a complex undertaking for Army managers under stable conditions. During the turmoil created by downsizing, effective personnel management when it is needed most, becomes even more difficult because the Army is not in control of the core personnel administration policies supporting management's efforts to recruitment, hire, train, compensate, and separate civilian workers.

For example, separation policies cannot be adjusted to assure that the work force remaining in the post downsizing period will meet the Army's needs for a balanced work force, one that has a mixture of employees of various ages, years of service, and skill levels. Without this balanced mixture, the Army could be left in the post-downsizing period with an aging work force, all of whom are eligible to retire. Current RIF policies are weighted heavily towards seniority, and without careful planning this scenario could become a reality.

The civilian personnel system, as found by the IG in 1985

and reinforced in their 1990 follow-on survey, is complex. The participative approach to rule making forced on OPM by the political system leads to ambiguous policies. These drive many Army personnel administrators to focus on mastering the technical aspects of their occupation rather than on supporting management's efforts to increase worker productivity.

Second, they must incorporate into the legal and regulatory structure and training base the results of planning activities. The CPA leadership developed a set of "Guiding Principles" as the basis for their modernization efforts. These principles attempted to refocus the CPA program toward a more business oriented approach to the delivery of personnel administration services and away from its technical orientation. While trainers at the CPA technical training center use the principles as teaching aids, they have not been fully integrated into the curriculum because they were not published in the Army regulatory base. Army regulations remain on the whole very technically focused. The personnel management evaluation system and the approved manpower staffing standards for CPOs, both of which are based on current regulations, continue to require and resource a CPA program with a technical process orientation.

The next step in the process of considering the benefits of planning is to look at the personnel practices of and personnel administrators in the private sector. This paper in Chapter Two reviews the functions that are proving to be successful contributors to mission accomplishment in private sector

organizations. Planners can with this information consider whether private sector functions not currently being performed by the Army personnel community would have a positive impact on mission accomplishment and whether they should be included in the Army program. Chapter Two outlines the functions performed in support of personnel management in private sector organizations.

## **CHAPTER TWO: PRIVATE SECTOR HUMAN RESOURCE MANAGEMENT**

Private sector personnel practices have relevance to public sector personnel programs. Public personnel practitioners often think that their private sector counterparts are more effective because they can easily adapt their policies to solve management problems. This, public personnel specialists think, is due to the fact that private sector practitioners are not as bound by laws and regulations. While this ability to be more adaptive may be true to a certain extent, the trend in the Federal government is toward deregulating the personnel system which is criticized routinely for being overly complex and hindering effective personnel management.

The philosophy developing in the public sector, however, is to give managers maximum flexibility to manage all of their resources, including their human capital, and to move personnel service delivery systems into a more businesslike mode of operations.<sup>12</sup> Since the courts and Federal, state and local governments continue to issue guidelines for the development of private sector personnel practices, the personnel programs in both sectors are operating in an increasingly similar environment.

As the differences between the two sectors become less pronounced, personnel management, whether it is practiced in the private or the public sector, is essentially the same. Actually, the most striking difference in functions and organization of systems appears between those personnel systems operating in

large, mature organizations and those in smaller, entrepreneurial ones. Large organizations adopt bureaucratic characteristics--written personnel policies, chains of command for decision making, and formal career ladders. Entrepreneurial organizations seem to resist these functions. They encourage all employees, regardless of position, to help get the job done and to participate in decision making. They hire people for today's job, with no regard for concepts such as career progression.

A Difference in Terminology: Human Resource Management versus Personnel Administration. There is a difference in the terminology used to describe personnel programs in the private and public sectors. Authors from the private sector and academia most often use the term human resource management (HRM) to refer to functions the Army, and most others in the public sector, call "personnel" (Sanders 1992, 162).

Is there a difference between HRM and personnel management or personnel administration? A review of the literature reveals that authors normally use the terms synonymously, defining them, as needed, to point out the difference between the general role of managers for personnel practices and that of the personnel professional. Perhaps Bruce Ellig captures the use of multiple terms for the functional area best when he says:

"In recent years, the personnel function has been frequently identified as the human resource or human relations function. The title change was to signify that the function had a more responsible organizational role than before. Others have opted for the description, employee resources, arguing that it more accurately reflects the resources managed. In many instances, one suspects the new title was intended to



lead the change rather than reflect what had occurred, for there is a lack of universality in the world market where the predominant description is still personnel" (1991, 38).

Analyses of the literature show that some authors discuss a subtle difference, both in the function and orientation, between personnel management/administration and HRM. In fact, personnel is "a field in transition" (Gutteridge 1988, 109) and HRM is really seen as evolving from the traditional personnel management function concept (Van Wees 1990, 96). As used here, the term "HR" or "HRM" will represent the functions, systems, programs, and policies supporting the employee oriented, or "people," responsibilities supporting management. In the Army this is the mission of the CPA program.

#### **The Evolution of the HR Occupation**

This chapter deals with functions performed or emerging in the field of HRM as the basis for comparison with the Army personnel program. To establish a context for understanding the philosophy and desired outcomes of these private sector functions, it is necessary first to discuss how HRM is evolving as an occupation in the private sector and how its orientation changes as the organization it supports matures.

During the 1960's and 1970's, HR shifted to an internal focus on the development of the skills of its own occupation, turning away from its role as an integral part of management. As a function, HR was dealing with pressures to help make the work place more socially responsible. This emphasis on affirmative action, safety and other socially responsible programs was

reinforced by government rules, court rulings and labor decisions on employment practices. Highly specialized HR subdisciplines developed in support of these new requirements, such as personnel assessment and compensation management. Those in the profession became technical experts or specialists in one, or possibly two, specializations. This requirement to become a qualified specialist drove an even deeper wedge between HR and the overall needs of business. It removed personnel professionals from the mainstream of business decision making because their loyalty was more to their occupation than to the business (Meshoulam and Baird 1987, 484; Newland 1984, 29-30).

The personnel system focused internally on HR specializations is not fully capable of supporting today's organizations. Organizations must deal with the impact on their businesses of the global market place, wild economic swings, international political instability, corporate mergers and industry restructuring and organizational streamlining, demographic shifts and fast-paced technological change. Workers want employment security, an improved quality of work like and represent a host of changing social values (e.g., drugs, AIDS, two career families, racial issues) (Burack 1988, 63-66; Gutteridge 1988, 110-113; Hays 1989, 112-114; Ulrich 1987, 169-171; Meshoulam and Baird 1987, 485; Coates 1987, 221-228).

This turbulent environment, both internal and external to the organization, is causing many firms to transform their businesses. For example, many of the "smokestack" industries are

rapidly undergoing structural and staffing changes after years of relative stability because they can no longer compete (Sears 1984, 417). The traditional tools for gaining and maintaining competitive advantage are no longer as effective. Where once a change in strategy or a new technology would have given a business a secure competitive advantage for a number of years, with today's communications technologies, there are no business secrets. Strategies and technologies can be easily copied or transferred between organizations. The only tool available for achieving and maintaining continued competitive advantage in this environment is for a business to recognize the value of and leverage the capabilities of its human resources (Ulrich 1987, 171-173; Wilhelm 1990, 129; Evans 1986, 153). It is this management of change and participation in adapting and molding a corporate culture respectful of its human resources which is the new role of HRM (Burack 1988, 67). HR practices must now become more than an implementation tool for approved business strategies. HRM must participate with the comptroller and the marketing manager in developing business strategy (Walker 1988, 129; Fulmer 1990, 2-3).

Most authors agree that HRM is an "umbrella" term for the multiple roles associated with an organizational function responsible for dealing with issues relating to people (Evans 1984, 347; Wilhelm, 1991, 130). There is also no disagreement about the fact that the "basic" functions associated with personnel-- records management, recruitment, training, compensation, and

management-employee relations--must always be performed in the HR organization in some manner. If an organization is large enough to warrant funneling resources into staff level support functions, management obviously should not assume these time intensive and often routine tasks. While management is ultimately responsible for personnel decisions, the HR function must support management's decision making role by providing information and sound technical advice on specialized HR issues, such as methods, laws, policies, procedures and trends.

#### **The Development of the HR in an Organization**

Generally, the stages of development of the HR function within an organization are categorized in several ways. First, the requirements placed on the HR function can be linked to the evolution or the maturity of the organization and the nature of its competitive environment (Baird and Meshoulam 1988, 117; Meshoulam and Baird 1987, 485-486; Wyatt 1985, 229-232; Baird and Meshoulam 1984, 2). HR is also viewed as operating in an organization according to the needs of its culture, or where the organization and its managers fall on a human relations continuum. This range is from merely wanting to avoid "people problems" to valuing people as the source of competitive advantage (Fulmer 1990, 1-3; Driver, Coffey and Bowen 1988, 28-29).

Regardless of the orientation used to define the stages or models of development of an HR organization, the functions performed range from routine to involvement in the organization's

strategic planning process. For HR to be successful in any organization, it must contribute to the achievement of the company's business objectives and fit the needs of its culture Meshoulam and Baird 1987, 490-491).

The works of Lloyd Baird and Ilan Meshoulam, William E. Fulmer, and Michael J. Driver, Robert E. Coffey, and David E. Bowen provide the basis for the five stages of HR development outlined below.

Level 1--The Base Level. At this level, HR tasks are routine and mostly administrative and are characterized by the performance of the following types of functions : data management of personnel information; personnel paperwork preparation and audit (e.g., payroll documents); reports generation, regulatory and legal compliance, such as labor contract negotiations and compliance with EEOC regulations; paying, hiring and firing employees. William F. Fulmer of Harvard University characterizes this stage of HR as focusing

"primarily on the avoidance of people problems--avoiding high turnover, avoiding unions, avoiding strikes, avoiding costly discrimination suites (sic), avoiding problems with regulatory agencies, such as the Occupational Safety and Health Administration" (1990, 2).

Stage 2--HR Specialization. At this stage, HR personnel have become specialized, usually in one function of HRM, such as recruiting, compensation and benefits, training and development, labor relations, or affirmative action. Their method of operation is normally to follow programs and patterns developed by others. Their loyalty may be to their profession rather than

to their employer. Line managers usually are not involved in HR programs at this stage because they see the programs developed as staff work, paperwork intensive, and being run by HR specialists for top management. Often programs are centralized, making it even more difficult to meet the needs of line managers.

Stage 3--Controlled Growth. The organizational situation characterized as "controlled growth" represents the ways in which organizations respond to financial considerations. As organizations grow, so do specialized programs, both in the HR area and in other departments. Management becomes increasingly aware of costs associated with their workers--salaries, pensions, workers' compensation, vacation time, health and life insurance, for example--and wants them managed by HR. Now, the HR programs must justify their existence in this competition for internal resources. Baird and Meshoulam say that in this stage:

"Those areas that are making contributions to the firm's overall goals are allowed to grow and develop while others are cut back. In order to make these decisions, the organization collects evaluation data: costs, metrics, ratios, and performance against target" (1984, 3).

Remaining programs focus on the organization's needs--compensation and benefits, training programs, and job design. In this stage, HR programs become more sophisticated and more specialized. Those working in the HR function become focused on their area of HR specialization. Line managers can feel removed from HR programs because they may not have the technical HR skills required to use them effectively. Their inability to realize a benefit from these highly sophisticated HR programs can

cause friction between HR practitioners and managers. HR personnel must spend time explaining the programs to managers so that the HR programs will be used to meet their needs.

Stage 4--Internal HR Integration. At this stage, the internal HR functions are integrated to solve organizational problems using productivity improvement and organization development methods. To meet these needs, HR specialists have a more general perspective and become involved in research and development, managing change, and planning. Data are collected and analyzed from multiple HR specializations and sources internal and external to the organization. They develop from the data alternative scenarios and solutions to problems.

HR activities--hiring, training, evaluation, and rewards--are essentially the same as in stage 3, but in this stage they are coordinated around organizational goals and priorities.

"Their goals are to fit human resource management programs together. Now they are worried about duplication. Rather than having a performance appraisal, career planning and training program, they have an overall performance management program that feeds into appraisal, career planning, and training" (Baird and Meshoulam 1984, 3).

Driver, Coffey and Bowen suggest that there are two versions of this stage.

"In one, HR managers understand and work within the bottom-line, productivity-oriented framework of line managers. They share the goals, values and viewpoints of line managers and make decisions accordingly. They suggest managerial solutions to problems. In the other version of this model, line managers perform many of the HR functions. The HR department trains line managers in the skills necessary to handle such key HR functions as hiring, performance evaluation, and development" (1988, 29).

Line managers become more involved because HR is working to help them solve their problems. Their working relationship is marked by cooperation.

Stage 5--Full Organizational Integration of HR. At this stage, the HR functions are integrated, and HR is a full participant in the planning and decision making processes of the organization. This partnership makes HR an equal with finance, operations, and marketing because the organization's culture views its human resources as key to obtaining and maintaining competitive advantage. The organization realizes that "product delivery and employees are inseparable" (Fulmer 1990, 3). The focus is on "team action, strategic management, highly developed monitoring capabilities, and increased responsiveness to the environment" (Meshoulam and Baird 1987, 486). HR programs operating at this stage include cultural and environmental scanning, long-range strategic planning and programs emphasizing efficiency and effectiveness of the organization. Due to these programs, the cost ratio of HR service-to-employee decreases and programs are constantly monitored and eliminated if they do not support the organization's needs or strategic goals.

Meshoulam and Baird found in their research into the development and growth of private companies that there are common trends in how changes in organizations create the need for different HR practices and perspectives. They found that as the HRM function moved from one stage to the next, it built its new perspective on the foundation of previous stages. They also



found that HRM was not effective when it did not fit with the organization's stage of development and that growth and development of HRM lagged behind the organization's changing business needs (1987, 490-491). As HR evolves, then, it continues to perform the necessary functions of the earlier stage. Therefore, basic HR functions such as data management, employee recordkeeping, legal and regulatory compliance, and the development of socially responsible programs do not go away because the HR function operates at stage 4 or stage 5.

Another important finding is that HR, because it must fit with the goals of the larger organization, does not lead organizations. For example, HR cannot, nor should it, deliver strategic planning products if the leaders of the organization refuse to plan. There would be no utility for them. This support role makes HR by its very nature a reactive function. Just as an organization cannot exist without employees, HR does not exist on its own merits. However, if an organization does not plan, that does not mean that HR managers should not conduct operational planning within their own function.

#### **HR Roles and Functions**

Understanding that the role of HR in an organization is based on the organization's stage of development, it is important to explore within that context, what functions managers want HR to perform. It is also important to consider the impact of an additional criterion on the assignment of functions--the complexity of today's work place. Meshoulam and Baird state that

traditional HR programs will not solve the kinds of issues and problems managers and HR practitioners face today, and that by working together they must answer questions such as these:

"How can increasing complexity and dynamic change be managed? How should organizations be restructured, waste eliminated, and performance improved? How can productivity and quality be dramatically increased? How can employees transform themselves and the organization?" (1987, 484).

In today's environment, effective HR programs must produce solutions to these problems or leverage the opportunities they present. Most authors agree that these issues provide a new orientation for traditional programs and the opportunity to develop new practices and philosophies.

It is difficult to identify those functions assigned to the staff level HR department, while it was relatively simple to do this for the Army. Many articles focus on HR functions associated directly with the operating level--direct service to line managers and employees, the customers of the HR program--but, they do not speak as specifically to the staff level functions. Therefore, the lists of functions presented here are limited to functions assigned to the operating level. They are categorized by work dimensions or domains, the usual categories authors use to group HR functions.

Tichy identifies four domains (1982, 50): staffing, development, appraisal, and rewards. Ulrich, Brockbank, and Yeung (1989, 314) suggest six: staffing, development, appraisal and rewards, organization design and communication. King and Bishop (1991, 288) increase the list to eight: planning,

staffing, appraising performance, compensation, training and development, establishing and maintaining work relationships, improving work relations and international personnel management.

Tsui (1987, 44-46) offers eight HR dimensions based on an empirical study she conducted to determine the "desired activities of the operating HR department" (1987, 39). The dimensions she identifies are: staffing/HR planning, organization/employee development, compensation/employee relations, employee support, legal requirements/compliance, labor/union relations, policy adherence, and administrative services.

Since Tsui's dimensions are empirically based and represent a comprehensive listing, they are used as the basis for creating the lists of functions. For ease of presentation and further comparison with the Army program, two dimensions, staffing/planning and compensation/employee relations are separated into two categories. The categories, policy adherence and administrative services, are deleted and their associated functions integrated into other related categories. An additional category, personnel systems administration, is added.

Planning. Organizational planning is defined as those HR practices associated with shaping and structuring an organization (Ulrich 1987, 174). The concept of "shaping" the organization includes the planning methods used to develop organizational goals. Specifically, the traditional definition of HR planning is:

"the process by which management determines how the organization should move from its current to its desired human resources position...to have the right number and right kinds of people, at the right places, at the right time, doing things that resulted in both the organization's and the individuals's maximum long-run benefit" (Schuler 1990, 5).

Private sector planning functions are listed in Table 2-1 below.

| <b>Table 2-1. Planning Functions.</b> |  |
|---------------------------------------|--|
| <b>AUTHOR</b>                         | <b>FUNCTION</b>  |
| King and Bishop<br>(1991, 288)        | <ul style="list-style-type: none"> <li>-HR planning</li> <li>-Organization design and development</li> <li>-Job design and analysis</li> </ul>   |
| Tsui (1987, 44)                       | <ul style="list-style-type: none"> <li>-Assist management in HR planning</li> <li>-Prepare staffing plan to meet business needs</li> <li>-Assist management to develop 5-year strategic plan</li> <li>-Develop and implement succession planning</li> <li>-Evaluate and assess levels of management (numbers) and management span of control ratios</li> <li>-Improve personnel productivity through process flow analysis techniques, etc.</li> </ul> |
| Walker<br>(1988, 127)                 | <ul style="list-style-type: none"> <li>-Consider key issues and shape strategies to enhance management effectiveness</li> <li>-Lead organization planning, productivity, quality, culture, restructuring, downsizing, reskilling, merger or acquisition activities</li> </ul>  |
| Ulrich<br>(1989, 326)                 | <ul style="list-style-type: none"> <li>-Help create reporting relationships</li> <li>-Facilitate accountability for accomplishing work</li> <li>-Facilitate the process of restructuring the organization</li> <li>-Facilitate the integration of different business functions</li> </ul>  |

| <b>Table 2-1. Planning Functions.</b> |  |
|---------------------------------------|--|
| <b>AUTHOR</b>                         | <b>FUNCTION</b>  |
| Ulrich<br>(1987, 174)                 | <ul style="list-style-type: none"> <li>-Work with management to determine:               <ul style="list-style-type: none"> <li>--How to formalize work processes (SOPs, formal chains of command, extent of rules and regulations)</li> <li>--How should work units be organized to meet the needs of product/service delivery and intra-organization work/communications integration</li> <li>--How to design work supporting employee involvement and enrichment</li> <li>--What processes to use to design organization structure (how are decisions made, how is accountability distributed, how to define roles and responsibility)</li> </ul> </li> </ul> |
| Varney<br>(1983, 188)                 | <ul style="list-style-type: none"> <li>-Clarify roles to reduce overlapping responsibility</li> </ul>  |
| Wilhelm<br>(1991, 131)                | <ul style="list-style-type: none"> <li>-Translate corporate strategy into HR strategy</li> <li>-Design or redesign the organization</li> <li>-Job evaluation</li> </ul>  |
| Louis (1989, 290-291)                 | <ul style="list-style-type: none"> <li>-Environmental scanning</li> <li>-Manpower planning</li> <li>-Long-term compensation planning</li> <li>-Succession planning</li> <li>-Organizational mapping</li> <li>-Competitor analysis</li> <li>-Linking compensation to business strategy</li> <li>-Modeling rewards for future work force</li> <li>-Scenarios profiling of future employees</li> </ul>  |

**Staffing.** Staffing is the practice of hiring, promoting, and outplacing employees (Ulrich 1987, 174). Common staffing functions are listed in Table 2-2 below.

| <b>Table 2-2. Staffing Functions.</b> |  |
|---------------------------------------|--|
| <b>AUTHOR</b>                         | <b>FUNCTIONS</b>   |
| King and Bishop<br>(1991, 288)        | <ul style="list-style-type: none"> <li>-Recruiting and EEO</li> <li>-Selection and EEO</li> <li>-Selection decision and placement</li> </ul> |

| Table 2-2. Staffing Functions. |  |
|--------------------------------|--|
| AUTHOR                         | FUNCTIONS  |
| Tsui (1987, 44)                | <ul style="list-style-type: none"> <li>-Develop HR staffing plan to meet business needs</li> <li>-Develop and implement recruiting advertising programs</li> <li>-Be aware of job market factors in related industries by location</li> <li>-Provide career pathing information</li> <li>-Provide advice and counsel to management on staffing policy and related problems</li> <li>-Develop and implement recruiting programs</li> <li>-Seek out and provide meaningful jobs to handicapped people</li> </ul> |
| Ulrich (1987, 174)             | <ul style="list-style-type: none"> <li>-Establish criteria for hiring categories of employees (e.g., short vs. long term, job vs. career focus, technical vs. cultural focus)</li> <li>-New employee orientation and socialization (e.g., role of senior management, mentoring, socialization programs)</li> <li>-Career path development</li> <li>-Succession planning</li> <li>-Outplacement programs (e.g., subcontracting, relocation, early retirement, lay-offs)</li> </ul>                              |
| Ulrich (1989, 326)             | <ul style="list-style-type: none"> <li>-Attract appropriate people</li> <li>-Promote appropriate people</li> <li>-Outplace appropriate people</li> </ul>   |
| Wilhelm (1991, 131)            | <ul style="list-style-type: none"> <li>-Hire to line management's specifications</li> <li>-Select employees to fit both strategy and culture</li> </ul>  |
| Louis (1989, 285)              | <ul style="list-style-type: none"> <li>-Develop scenarios: profiles of future employees</li> <li>-Succession planning</li> <li>-Manpower modeling</li> <li>-Position tracking</li> <li>-Applicant tracking</li> <li>-EEO planning</li> <li>-Personnel tracking</li> <li>-Recruiting</li> </ul>   |

Organization/Employee Development. Employee development practices are those activities associated with building employee competencies through training, job rotation, counseling, cross functional moves, or task force assignments (Ulrich 1987, 175).

Organization development functions are those activities associated with the process of the systematic management of change in an organization involving the continuing development of its human resources using behavioral science techniques in order to increase organizational effectiveness (Ivancevich 1992, 518; Varney 1983, 183). Common practices are listed in Table 2-3.

| <b>Table 2-3. Organization/Employee Development.</b> |  |
|--|--|
| <b>AUTHOR</b>  | <b>FUNCTIONS</b>   |
| King and Bishop<br>(1991, 288)                       | <ul style="list-style-type: none"> <li>-Job training</li> <li>-Career management</li> <li>-Evaluation and assessment</li> </ul>  |
| Tsui (1987, 44-45)                                   | <ul style="list-style-type: none"> <li>-<b>Organization Development (OD):</b> <ul style="list-style-type: none"> <li>--Assist management on OD activities (e.g., formal team building efforts)</li> <li>--Provide advice and counsel to management on OD and development</li> <li>--Help management resolve organizational problems</li> <li>--Develop and design innovative programs for the organization (e.g., work at home program)</li> </ul> </li> <li>-<b>Employee Development:</b> <ul style="list-style-type: none"> <li>--Assist managers in constructing employee development plans</li> <li>--Evaluate the effectiveness of training courses and programs</li> <li>--Assess return on investment of HR development activities</li> <li>--Process external development requests for professional courses</li> <li>--Conduct training needs assessment</li> <li>--Monitor administration of inhouse training courses and programs</li> <li>--Provide career and development counseling to employees</li> <li>--Develop organization training and development plans</li> <li>--Communicate training program or courses to managers and employees</li> <li>--Identify internal candidates for promotion or transfer</li> </ul> </li> </ul> |

| <b>Table 2-3. Organization/Employee Development.</b> |   |
|--|---|
| <b>AUTHOR</b>  | <b>FUNCTIONS</b>  |
| Ulrich<br>(1989, 326)                                | <ul style="list-style-type: none"> <li>-Offer training programs</li> <li>-Design development programs that facilitate change</li> <li>-Prepare talent through cross functional moves</li> <li>-Offer career planning services</li> </ul>  |
| Ulrich<br>(1987, 175)                                | <ul style="list-style-type: none"> <li>-Work with management to determine:               <ul style="list-style-type: none"> <li>--What are the desired outcomes of development: conceptual understanding, skill building, attitude change, team building, problem solving, intervention</li> <li>--Who are the most appropriate candidates for development programs</li> <li>--Content of development programs and how they relate to strategic goals</li> <li>--How best to deliver training (e.g., inhouse or external, faculty, success measurements, evaluation criteria)</li> <li>--Alternatives to training to build employee competencies (e.g., cross-functional career moves, special assignments, committee task forces)</li> </ul> </li> </ul> |
| Bowen (1992, 30-31)                                  | <ul style="list-style-type: none"> <li>-Support W. Edwards Deming's HR related 14 points for TQM by:               <ul style="list-style-type: none"> <li>--Instituting training on the job</li> <li>--Breaking down barriers between departments to build teamwork</li> <li>--Instituting a program of education and self-improvement</li> </ul> </li> </ul>   |
| Walker<br>(1988, 128)                                | <ul style="list-style-type: none"> <li>-Career management:               <ul style="list-style-type: none"> <li>--Flexible careers</li> <li>--Foster individual growth and learning by changing on-the-job experiences, assignments under different managers, and special projects</li> </ul> </li> </ul>   |
| Evans (1984, 354)                                    | <ul style="list-style-type: none"> <li>-Develop programs and practices to manage the culture of the organization</li> </ul>   |
| Varney<br>(1983, 187-188)                            | <ul style="list-style-type: none"> <li>-Develop strategies and processes for management of change</li> <li>-Devise methods for:               <ul style="list-style-type: none"> <li>--identifying problems and solving problems in the organization</li> <li>--supporting organizational renewal</li> <li>--increasing sense of employee involvement in organization objectives</li> <li>--building trust and resolving conflict</li> </ul> </li> </ul>  |



| <b>Table 2-3. Organization/Employee Development.</b> |  |
|--|--|
| <b>AUTHOR</b>  | <b>FUNCTIONS</b>   |
| Wilhelm<br>(1991, 131)                               | <ul style="list-style-type: none"> <li>-Provide employee training</li> <li>-Design and implement employee development and career management systems</li> <li>-Facilitate organizational change</li> </ul>  |
| Louis (1989, 288 and 290)                            | <ul style="list-style-type: none"> <li>-Develop exercises on running the business of the future</li> <li>-Forecast future performance dimensions</li> <li>-Run assessment centers</li> <li>-Maintain skills inventories</li> <li>-Career planning and development</li> <li>-Skills training</li> <li>-Management development</li> <li>-Attitude surveys</li> <li>-Productivity analysis</li> <li>-Quality circles</li> </ul> |

Compensation. This category of functions deals with the policies and practices of providing direct (salary) and indirect (e.g., benefits, such as health and life insurance, and rewards systems) compensation to employees. Compensation functions are listed in Table 2-4.

| <b>Table 2-4. Compensation Functions.</b> |   |
|---|---|
| <b>AUTHOR</b>                             | <b>FUNCTIONS</b>  |
| Wilhelm<br>(1991, 131)                    | <ul style="list-style-type: none"> <li>-Wage and salary administration</li> <li>-Design and implement motivation and reward systems</li> <li>-Benefits administration</li> <li>-Design benefits program to complement strategy</li> </ul>   |
| Louis (1989, 287)                         | <ul style="list-style-type: none"> <li>-Model rewards for the future work force</li> <li>-Link compensation to long term business strategy</li> <li>-Conduct long term compensation planning</li> <li>-Conduct benefits planning</li> <li>-Conduct salary surveys</li> <li>-Wage and salary administration</li> </ul> |
| Ulrich (1989, 326)                        | <ul style="list-style-type: none"> <li>-Design compensation systems</li> <li>-Design benefits systems</li> <li>-Design non-financial reward</li> </ul>  |

| Table 2-4. Compensation Functions. |   |
|------------------------------------|---|
| AUTHOR                             | FUNCTIONS   |
| Ulrich (1987, 174)                 | <ul style="list-style-type: none"> <li>-Analyze and develop programs to provide financial incentives: short vs. long term, base vs. incentive pay, pay for performance vs. pay for seniority</li> <li>-Link reward systems to strategic plans</li> <li>-Determine whether rewards systems should accrue due to individual or group/corporate performance</li> </ul>   |
| Tsui (1987, 45)                    | <ul style="list-style-type: none"> <li>-Implement policy and audit system for equal pay</li> <li>-Develop and monitor job descriptions</li> <li>-Assist management in resolving salary problems</li> <li>-perform job market pricing to determine the local fair market value of jobs</li> <li>-Process salary actions (e.g., document special salary actions, approve promotions and merit increases)</li> <li>-Maintain health maintenance programs</li> <li>-Resolve benefits administration problems</li> <li>-Process benefits enrollments and claims</li> <li>-Administer pension plans coupled with financial planning</li> <li>-Administer relocation procedure</li> <li>-Assure equitable administration of attendance and leave policies</li> </ul> |
| King and Bishop (1991, 288)        | <ul style="list-style-type: none"> <li>-Direct pay</li> <li>-Performance-based pay</li> <li>-Indirect compensation</li> </ul>   |

Employee relations. These are the HR activities involved with establishing and maintaining productive working relations between management and employees. This category of functions, listed in Table 2-5, includes intra-organization communications and appraising employee performance.

| Table 2-5. Employee Relations. |           |
|--------------------------------|-----------|
| AUTHOR                         | FUNCTIONS |

|                                |  |
|--------------------------------|--|
| Ulrich<br>(1989, 326)          | <ul style="list-style-type: none"> <li>-Work with managers to send clear and consistent messages</li> <li>-Help explain why business practices exist</li> <li>-Facilitate design of internal communication process</li> <li>-Facilitate establishment of clear performance standards</li> <li>-Design feedback processes</li> <li>-Design performance appraisal systems to differentiate performance</li> <li>-Design performance appraisal systems for career planning</li> </ul> |
| Ulrich<br>(1987, 176)          | <ul style="list-style-type: none"> <li>-Work with management to determine: <ul style="list-style-type: none"> <li>--What information should be presented to employees</li> <li>--Who receives information and who shares it</li> </ul> </li> <li>-Design and implement a communications (e.g., public meetings, management forums, videos, written communications, bulletins)</li> </ul>   |
| King and Bishop<br>(1991, 288) | <ul style="list-style-type: none"> <li>-Employee rights</li> <li>-Productivity</li> <li>-Quality of work life</li> <li>-Safety and health</li> <li>-Gather and use performance data</li> <li>-Appraisal interviews</li> </ul>  |
| Wilhelm<br>(1991, 131)         | <ul style="list-style-type: none"> <li>-Maximize value of work force diversity</li> <li>-Implement employee involvement and sound employee relations</li> <li>-Performance review</li> <li>-Design and implement performance planning and appraisal systems</li> </ul>   |
| Tsui (1987, 45)                | <ul style="list-style-type: none"> <li>-Serve as mediator between employees and managers</li> <li>-Provide hardship, emergency counseling and assistance to needy employees</li> <li>-Provide physical and mental health assistance via local physicians and insurance carriers</li> <li>-Act as information source on employee problems or concerns</li> </ul>  |

Labor/Union Relations. HR functions associated with maintaining equitable working relationships between the union, management and the work force. Common functions are listed in Table 2-6.

| Table 2-6. Labor/Union Relations. |  |
|-----------------------------------|--|
| AUTHOR                            | FUNCTIONS  |
| Tsui (1987, 46)                   | <ul style="list-style-type: none"> <li>-Negotiate labor agreement with union</li> <li>-Administer labor contracts</li> <li>-Determine negotiation strategy with labor union</li> <li>-Conduct labor/management meetings and ventures</li> <li>-Conduct arbitrations</li> </ul> |
| King and Bishop (1991, 288)       | <ul style="list-style-type: none"> <li>-Organizing and unionization</li> <li>-Collective bargaining and negotiations</li> </ul>  |

Legal Requirements/Compliance. This category includes the functions which ensure that all organizational employment practices are in compliance with Federal, state and local legal and regulatory requirements and that HR policies, programs and practices are fairly and equitably administered. Common functions are listed in Table 2-7.

| Table 2-7. Legal Requirements/Compliance Functions. |  |
|---|--|
| AUTHOR  | FUNCTIONS  |
| Tsui (1987, 45)                                     | <ul style="list-style-type: none"> <li>-Comply with the technical requirements of affirmative action (AA) program</li> <li>-Develop affirmative action program for protected classes</li> <li>-Document efforts to meet EEO goals</li> <li>-Audit/monitor the organization's attrition of employees in protected classes</li> <li>-Ensure compliance with Federal and state fair employment practices</li> <li>-Investigate internal and external complaints consistent with organization's policies and procedures on EEO/AA</li> <li>-Ensure equitable and uniform interpretation and implementation of company policies by all operating division managers</li> </ul> |

Personnel Systems Administration. These are the functions supporting the administration of the HR program. While these

functions, listed in Table 2-8, are performed almost exclusively within the boundaries of the HR department, they provide a service to both managers and employees.

| Table 2-8. Personnel Systems Administration. |  |
|--|--|
| AUTHOR                                       | FUNCTIONS  |
| Walker (1988, 129-130)                       | <ul style="list-style-type: none"> <li>-Manage HR information and management information systems</li> <li>-Provide analyses and reports to managers</li> <li>-Perform necessary functions while minimizing the administrative burden on managers and cost to the organization</li> </ul> |
| Tsui (1987, 41)                              | <ul style="list-style-type: none"> <li>-Maintain employee files</li> </ul>   |

Common Functions. Table 2-9 provides a listing of those functions common to any dimension within the HR function.

| Table 2-9. Common Functions. |  |
|------------------------------|--|
| AUTHOR                       | FUNCTIONS  |
| Tsui (1987, 44-46)           | <ul style="list-style-type: none"> <li>-Consult with management on practical implications of corporate policy</li> <li>-Keep up with HR programs developed at the corporate or central personnel department</li> <li>-Coordinate activities with other departments (either inside or external to HR)</li> <li>-Present informational material at management and employee meetings</li> <li>-Explain and interpret personnel policies and procedures to management and employees</li> </ul> |

### Summary and Conclusions

This chapter outlines the stages of development of HR programs and presents lists of functions performed in private sector HR departments at the operating level. It also discusses the economic, social and technological elements present in the current business environment which are causing organizations to

consider new ways of doing business.

Truly, the 1990s will be an era of significant change in work methods and perspective for both the private and public sectors. The HR programs in both the public and private sectors will have to help management and employees deal with these changes. The solution offered in the literature for dealing with change--to integrate HR more closely with business strategy development in order to achieve and maintain competitive advantage--is as relevant to public sector HR practitioners as to those in the private sector. The issues driving change are also similar and the programs are not as significantly different as they were a decade ago.

To continue the data collection effort in support of the planning process, Chapter Three compares the Army CPA program with the private sector HR functions presented here.

### **CHAPTER THREE: OPTIONS FOR THE FUTURE**

The next step in the data collection and analysis process is to take the functional analysis of the Army CPA program developed in Chapter One and compare it to the private sector practices outlined in Chapter Two. This comparison of the two programs occurs on two levels. First, this chapter compares the operations and service level of the Army CPA program with the stages of development of private sector HR programs discussed in Chapter Two. Next, the chapter examines the authorized Army functions in relation to the functions outlined in each of the private sector dimensions. These comparisons provide Army planners with two valuable pieces of information. It gives them a sense of how the Army CPA program is maturing and what options it has for further growth. The lists of functions unique to the Army and the functions not required by Army regulation or directive provide the Army leadership with an understanding of what CPA services their resources are buying today and provides them with options for replacing, modernizing or deleting current functions.

#### **The Stage of Development of the Army CPA Program**

The literature on the stages of development of an HR program in the private sector indicates that it must mesh with the maturity level, culture and the competitive environment of the organization. It is the closeness of the fit between HR and the needs of the business that defines success for the program (Baird and Meshoulam 1988, 117).

The Department of the Army is a mature bureaucracy. The military personnel system, under the control of the Army leadership, is a centralized and closely managed system which is an integral part of the Army operational and strategic planning processes. The Army is comfortable with its military system, adjusts it frequently to meet its needs, resources it well, and includes personnel managers in strategic decision making<sup>13</sup>.

The civilian personnel system, on the other hand, is decentralized and only under the limited control of the Army leadership. The Army CPA program certainly performs the tasks associated with the base level (stage one): personnel data management, paperwork preparation, reports generation, regulatory and legal compliance, and hiring and firing employees. While it has many of the characteristics of stage two, it has moved beyond stage two by virtue of the size, sophistication and complexity of the personnel programs it operates.

The CPA program is operating at the third stage, controlled growth. This stage is characterized by personnel programs that are high specialized. Specialists at this stage consider themselves technically trained and competent HR professionals. They focus their attention on improving their particular HR specialization. Because of the HR professional's internal focus on producing a quality HR product rather than looking externally to find out how to meet management's needs, managers feel removed from the HR program. They do not understand the intricacies of the HR programs and a major function of HR personnel becomes



explaining how the HR program works to the managers who much use it.

Another important characteristic of this stage is that the organization has grown to such a size or is in a situation where it must begin to prioritize its resources. Management is aware of the high costs associated with employing each worker. They are asking HR specialists to justify not only their own programs, but to develop ways to cut personnel costs such as salaries, pensions and health and life insurance benefits.

The Army CPA function is very sophisticated. The functions listed in Table 1-3, Staff Level Program Development Functions, are highly structured, personnel intensive, and complex programs for managing the civilian work force. Manager have limited involvement in them. Many of the functions performed at the operating level fall into this same category. In the area of classification, for example, there are laws and regulations which govern the job category to which a position will be assigned. This job category relates to a set of complex qualifications requirements that trained personnel staffing specialists spend a career interpreting for their own use in developing lists of candidates for managers and explaining to applicants.

The Army has always closely monitored the costs associated with delivering personnel services. With the current budget cuts, the Army leadership and analysts in DOD are requiring the CPA program personnel to monitor all costs associated with each civilian employee on the roles. This has resulted in selected

high grade ceilings, hiring freezes, and incentives for voluntary retirement. There is no organized approach to determining which CPA programs add value to the Army. Dollar cuts are handed down and the CPA community decides which programs to fund and at what level.

The CPA career program leadership is trying to move the program beyond stage three into a position where it is better integrated and more supportive of management decision making. It is promoting, under the auspices of the technical training program, the concept that personnel specialists must broaden their focus from being expert in one CPA specialization to developing a more "generalist perspective" to the delivery of their services. This concept says that personnel specialists must understand the interrelationship of CPA functions--how a decision to grade a job at a certain level impacts on recruitment for it, for example. Appendix B provides a definition of the concept. While this concept is embraced by some, however, it is not supported by all.

Stage four, internal integration of HR, is the stated goal of the CPA program. In a recently published vision statement, the Army leadership expressed

the goal this way: "Vision: Army - The Premier Employer, Setting the Model for the Nation." Figure 3 states the organizational

**Human Resources Drive  
Organization Success**

- Responsive to mission diversity
- Flexible to dynamic environment

**Figure 3. Civilian Personnel Values**

value underlying this vision.<sup>14</sup> In stage four of HR development the perspective of HR personnel is more general and less specialized in orientation. The HR department subfunctions are integrated and geared toward solving organizational productivity problems with organization development methods, change management techniques and the participation of HR personnel in supported activity planning.

While the delivery of this kind of service is the goal of the Army CPA program, the function on the whole is not performing at this level. Some isolated civilian personnel offices may have achieved this status, but there certainly are not many. Stage five is full organizational integration of HR. Full integration means that HR is equal with finance, marketing and other key business components and a full partner in planning and decision making.

Planners should ask several questions after reviewing where the Army falls on the continuum of HR development. Is stage three an adequate level of service for the CPA program to provide to the Army? Do Army managers and employees need CPA issues to be more fully integrated into their planning and decision making activities as defined in stages 4 and 5? If so, can they afford the cost of integration if it means developing and providing extensive training to current staff or paying higher salaries to more professionally qualified staff members?

Can the Army afford not to push toward full integration? The successful implementation of costly programs, especially

those Army-wide in scope, often hinge on HR issues. For example, the DOD and Army financial management communities are instituting a new financial/budget accounting system, the Defense Business Operations Fund (DBOF) (Corbin 1992, 36-39). DBOF requires managers to pay for and to charge for services and to seek business opportunities from non-traditional clients (e.g., other Federal government or DOD activities) (DACS-DPP 1992, 68-73). For Army managers, this is a major shift in business practice. Services provided among Army activities have not previously been bought and sold.

Civilian managers, unlike their military counterparts are normally promoted within the Federal civil service system based on their technical expertise. They have little to no background in accounting, costing practices, or marketing as would their private sector counterparts. This lack of general manager experience is a major personnel management issue with which the Army must deal as it implements DBOF. Should the Army train managers on a new accounting/budgeting system? If so, this constitutes a shift in career development patterns for all would-be managers, at least 35,000 civilians. If this issue is not resolved, the program may not succeed. This makes a strong case for moving the civilian personnel program along the development spectrum and integrating it into the Army operational and strategic planning processes.

#### **Comparison of Functions**

Functions for which the Army does not have authority to

issue policy or design programs are not included in these lists. Therefore, those functions consolidated at the DOD level listed in Table 1-1, Common Administrative Functions Consolidated at DOD by DMRD 974, are excluded. Planners, however, should not lose sight of them in designing future scenarios. If there were a need to incorporate policy in these areas into the CPA program to solve Army unique issues, it might be worth the effort for the Army to try and get the authority redelegated from DOD.

Functions are compared according to the dimensions used in the discussion on private sector functions in Chapter Two. Table 3-1 below shows how the chapter relates the major categories of functions of the Army program to those in the private sector dimensions. Since these comparisons are not based on an exhaustive review of the literature nor on an empirically based study of HR work practices, the lists of functions may not be complete. This paper presents functions described in selected works published in credible academic journals by several highly regarded authors. Army planners should use these comparisons as a foundation for further questioning and research.

| <b>Table 3-1. Comparison of Army and Private Sector Functions</b> |   |                  |   |
|---|---|------------------|---|
| <b>Table No.</b>  | <b>Army Functional Category<br/>(Chapter One)</b> | <b>Table No.</b> | <b>Private Sector Dimension<br/>(Chapter Two)</b> |
| 1-2   | Staff Level Policy Functions                      | --               | Per line function dimension                       |
| 1-3   | Staff Level Program Development Functions         | --               | Per line function dimension                       |

| <b>Table 3-1. Comparison of Army and Private Sector Functions</b> |   |                  |   |
|---|---|------------------|---|
| <b>Table No.</b>  | <b>Army Functional Category (Chapter One)</b> | <b>Table No.</b> | <b>Private Sector Dimension (Chapter Two)</b> |
| 1-4   | Staff Level Administrative Operations         | --               | Per line function dimension                   |
| 1-5   | Common Technical Functions                    | --               | Per line function dimension                   |
| 1-6   | Civilian Personnel Officer                    | 2-9              | Common Functions                              |
| 1-7   | Technical Service Office                      | 2-7              | Legal Requirements/ Compliance                |
| 1-8   | Position Management and Classification        | 2-1              | Planning                                      |
| 1-9   | Labor/Management- Employee Relations          | 2-5<br>2-6       | Employee Relations<br>Labor/Union Relations   |
| 1-10  | Recruitment and Placement                     | 2-2              | Staffing                                      |
| 1-11  | Training and Development                      | 2-3              | Organization/Employee Development             |
| 1-12  | Personnel Systems Management                  | 2-8              | Personnel Systems Administration              |
| --  | (no comparable function)                      | 2-4              | Compensation                                  |

Functions unique to the Army program. The functions listed in Table 3-2 below appear to have no counterpart in the private sector.

| <b>Table 3-2. Functions Unique to the Army CPA Program.</b> |                  |
|---|------------------|
| <b>TABLE NO.</b>  | <b>FUNCTIONS</b> |

|      |   |
|------|---|
| 1-2  | Develops and promulgates policy in the following areas:<br>-Mobilization of U.S. citizens and local national employees<br>-CPA program evaluation<br>-Security and suitability<br>-CPO organization structure, functions, and servicing agreements<br>-Awards<br>-SES employment and compensation<br>-Family member employment<br>-NAF civilian personnel policy                  |
| 1-3  | Centrally administered program development functions:<br>-Research and development in state-of-the-art personnel practices<br>-CPA program evaluation and special studies<br>-CPA technical training and delivery<br>-Overseas recruitment<br>-Central assignment for GS/GM 13-15 employees<br>Locally administered program development functions:<br>-Personnel Proponent System |
| 1-4  | Administrative functions relating legislation and legislative activities and policy development and approval  |
| 1-5  | Local policy development<br>Mobilization planning<br>Privacy Act and FOIA   |
| 1-8  | Classification complaints and appeals   |
| 1-9  | Disciplinary and adverse action administration  |
| 1-10 | Delegation of direct hire and examining authorities   |
| 1-11 | R&P complaint processing<br>Family member assistance<br>Suitability and security  |

There are functions listed here that only a government/Army personnel program would perform. Functions in this category include: legislative activities (testimony and position paper preparation), mobilization policy and local mobilization planning, family member employment and delegation of direct hire and examining authorities. Security and suitability could be

included in this category. However, if the private sector organization were involved in a government project, it would apply to them as well. NAF personnel policy is unique to DOD, but might equate to administering an alternative compensation system in the private sector. Overseas recruitment would not be unique to the Army if the private sector organization were a multi-national, an issue of growing interest in the personnel literature.

Other functions listed in Table 3-2 are staff or headquarters functions. They are research and development in state-of-the-art personnel practices, evaluation of the civilian personnel program and special studies, the design and delivery of inhouse technical training programs for members of the CPA career field, and policy development and approval. These staff functions are presented here as general information. Since the data available for the private sector represent operating level functions, these staff functions will not be further discussed in this paper. They should, however, be included in planning discussions. Planners should consider them as major elements for discussion as they develop a design for a future Army civilian personnel program.

Two programs, SES employment and compensation and central assignment of persons in high grade positions are staff level functions in the Army. The literature discusses managerial and executive compensation, development and succession planning as functions performed at both the operating and staff levels. The



authors who developed the lists of private sector functions used in this paper did not include these executive level activities as key components of an operating HR program. Therefore, for the purposes this paper, they will also be excluded from further discussion.

Program evaluation is a difficult function to compare with the private sector. The private sector recognizes internal audit (see Table 2-7) and discusses assessing return on investment in the HR development area (see Table 2-3). However, the kind of comprehensive compliance audits and special program reviews that USAPEA performs may have been omitted here because it is considered a staff role in the private sector or may not be a function that the private sector considers worth funding. This is another area which planners should consider in their discussions.

The functions that require more careful consideration for planners are in the areas of complaints processing (staffing and classification), disciplinary and adverse actions, and awards. Planners should consider the following questions. Why does the government/Army personnel program put an emphasis on complaints processing, adverse actions and discipline? Is this one case where rules and regulations hamper the public personnel practitioner from terminating a poor performer causing the need for punishment methods? Or, is the emphasis in the private sector more on employee involvement and reinforcement of positive behaviors?

Functions unique to the private sector. Table 3-3 lists those functions performed in the private sector which the Army organization and functions manuals, regulations and authorization documents do not list as recognized missions of the CPA program.

| Table 3-3. Functions Unique to the Private Sector. |  |
|--|--|
| TABLE NO.  | FUNCTIONS  |
| 2-1  | <ul style="list-style-type: none"> <li>-HR planning; translate corporate strategy into HR strategy</li> <li>-Assist management to develop 5-year strategic plan consider key issues and shape strategies to enhance management effectiveness</li> <li>-Develop and implement succession planning</li> <li>-Improve personnel productivity through process flow analysis techniques, etc.</li> <li>-Lead organization planning, productivity, quality, culture, restructuring, downsizing, reskilling, merger or acquisition activities</li> <li>-Facilitate the integration of different business functions</li> <li>-Facilitate accountability for accomplishing work</li> <li>-Work with management to determine how to design work supporting employee involvement and enrichment</li> <li>-Environmental scanning</li> <li>-Manpower planning</li> <li>-Long-term compensation planning</li> <li>-Organizational mapping</li> <li>-Competitor analysis</li> <li>-Linking compensation to business strategy</li> <li>-Modeling rewards for future work force</li> <li>-Scenarios profiling of future employees</li> </ul> |
| 2-2  | <ul style="list-style-type: none"> <li>-Career path development</li> <li>-Position tracking</li> <li>-Applicant tracking</li> <li>-EEO planning</li> <li>-Personnel tracking</li> </ul>  |

**Table 3-3. Functions Unique to the Private Sector.**

| TABLE NO. | FUNCTIONS   |
|-----------|---|
| 2-3       | <ul style="list-style-type: none"><li>-Organization Development (OD) activities</li><li>-Develop programs and practices to manage the culture of the organization</li><li>-Develop strategies and processes for management of change</li><li>-Devise methods for:<ul style="list-style-type: none"><li>--identifying problems and solving problems in the organization</li><li>--supporting organizational renewal</li><li>--building trust and resolving conflict</li></ul></li><li>-Develop and design innovative programs for the organization (e.g., work at home)</li><li>-Assess return on investment of HR development activities</li><li>-Provide career and development counseling to employees</li><li>-Develop organization training and development plans</li><li>-Identify internal candidates for promotion or transfer</li><li>-Design development programs that facilitate change</li><li>-Prepare talent through cross functional moves</li><li>-Work with management to determine:<ul style="list-style-type: none"><li>--the content of development programs and how they relate to strategic goals</li><li>--alternatives to training to build employee competencies</li></ul></li><li>-Support to Deming's HR related 14 points</li><li>-Forecast future performance dimensions</li><li>-Productivity analysis</li></ul> |
| 2-4       | <ul style="list-style-type: none"><li>-Design and implement motivation and reward systems</li><li>-Design benefits programs to complement strategy</li><li>-Link compensation and awards to long term business strategy</li><li>-Conduct long term compensation planning</li><li>-Indirect compensation</li></ul>   |
| 2-5       | <ul style="list-style-type: none"><li>-Work with managers to send clear and consistent messages</li><li>-Design performance appraisal systems for career planning</li><li>-Maximize value of work force diversity</li></ul>   |

Organization development and organization behavior (Table 2-3) are functions not assigned to the Army CPA program. The

private sector dimensions of compensation (Table 2-4) and performance management (Table 2-5) are functions assigned to CPA. However, while they have some similar functions, on the whole, they are different programs. The Army focus in both of these areas is more on process. Consider the points of excellence USAPEA identifies in the area of compensation management--the compliance aspects of proper grading and classification of positions, the speed with which actions are processed, and reasonable supervisor/action officer/support personnel ratios. The private sector focus on linking compensation and awards to the support of long term business strategies, for example, is not part of the Army program.

It appears from the list of private sector unique functions that in many cases, as discussed in the area of compensation, the difference between the programs in the two sectors is a difference in focus. The private sector functions are inclined toward meeting management expectations while the Army functions are more process oriented. Planners need to consider several issues when reviewing these functions. The compensation and performance management functions are heavily regulated in the public sector. Can government programs be refocused to improve employee involvement and productivity or support TQM as they currently exist in law and regulation? Should they be refocused? Does a shift in focus fit with the Army's organizational culture?

In the area of HR planning, Army documentation is silent with the exception of the requirement for staffing planning at

the operating level.<sup>15</sup> Also, functions such as job design, restructuring, and reskilling are considered HR planning functions since they support the implementation of strategic planning goals. This is a perspective totally foreign to the Army personnel program. Planners should consider whether CPA should become more involved in HR planning at the staff/headquarters level? Should civilian planning and staffing forecasting be integrated with the military processes already operating? Should the CPA training program offer courses in HR planning methods and techniques? At the operating level, given that personnel management authority belongs to the commander, how could HR planning support effective installation management?

A number of the functions in the staffing and career management areas appearing on this list are considered management functions by the Army rather than functions that should be performed by CPA specialists (e.g., identify internal candidates for promotion or transfer and career path development). However, in actual operation it is the CPA system that mandates who management must choose for promotion and develops the philosophical parameters for career path design.

### **Summary and Conclusions**

This chapter compares the Army CPA program with the stages of development of private sector HR programs. It also discusses Army staff level functions and compares CPA operating level functions to private sector line HR functions. It offers issues, based on this comparison, that planners should consider in their

deliberations of a future for the CPA program.

The CPA program is currently operating at the controlled growth phase, or stage 3 of the 5 stage development continuum of HR programs. The comparison of functions presented in this chapter demonstrates the internal, technical orientation of the Army CPA program. USAPEA evaluates each functional area separately and focuses on monitoring quantifiable program standards as much as possible. The CPA technical training base teaches functionally specific courses, the CPA training plan supports developing functional expertise and the CPA organizational culture values those who are technically expert. These program characteristics support a stage 3 program.

The CPA leadership, in an effort to provide more effective CPA support to management, is trying to enhance the skills of civilian personnel specialists. With these enhanced skills and a resultant broader perspective, they should be able to provide solutions to management on issues with personnel management implications.

The comparison of functions, specifically those at the operating level, reveals to the planner those areas where the Army program is not oriented to the same issues as private sector HR programs. While the Army focus is on setting and meeting program goals, private sector programs focus more on integrating HR with operational and strategic business planning. The private sector also operates a technical personnel administration program, but it seems to use the HR program to increase worker

satisfaction and productivity with organizational behavior and organizational design techniques. It also seeks to use the performance management system to improve productivity through employee empowerment. The Army focus in the performance management area is more on discipline, appeals, and quantifiable performance standards.

This examination of program focus and functions in both the public and private sectors provides a solid foundation for beginning the planning process. Chapter Four presents a rationale for using a structured strategic planning process to deal with change. It also outline the steps involved in one method for developing and implementing a strategic plan.

#### CHAPTER FOUR: STRATEGIC PLANNING

"Structure is a means for attaining the objectives and goals of an institution. Any work on structure must therefore start with objectives and strategy. This is perhaps the most fruitful new insight we have in the field of organization. It may sound obvious, and it is. But some of the worst mistakes in organization building have been made by imposing a mechanistic model of an 'ideal' or 'universal' organization on a living business" (Drucker 1974, 523-524).

Drucker says here that the leadership of an organization should not restructure without first understanding why the organization exists. He goes on to say that strategy determines the purpose of structure. He defines strategy as "the answers to the questions 'What is our business, what should it be, what will it be?'" (1974, 524).

The leaders of the Army civilian personnel program face the dilemma of how to deal with budget reductions and changes in the roles, missions, and traditional working relationships within the Army and the Department of Defense (DOD). How they can adapt the civilian personnel administration (CPA) function to the requirements driven by these changes is the subject of this chapter.

For the Army, as with any organization, the answers to Drucker's basic questions form the "building blocks" of the organization, "that is, the activities which have to be encompassed in the final structure and which, in turn, carry the 'structural load' of the final edifice" (1974, 523). Because CPA is a management support function, the "building blocks" cannot be defined exclusively by the people working in the CPA function.



The customers of the program, the Army leadership and line managers, must determine program parameters within the boundaries of any existing legal and regulatory constraints which are, at least for the near term, unalterable.

Answering Drucker's three questions is not easy because CPA is a complex and sophisticated program administered by functional specialists. Many of the CPA functions are transparent or unknown to customers who are not professional personnel managers. So, then, how do customers determine what the "building blocks" of the program should be? What functions should continue to be performed and, thus, funded? An even more difficult question is whether there are functions or levels of service not being delivered that would make the CPA program a more valuable asset to managers individually or to the Army as a whole.

Based on the functional analyses presented in this paper, this chapter presents the concept of a planning process designed to offer Army policy makers an organized approach for answering the questions "What is the business of CPA, what should it be, what will it be?" The answers to these questions, then, form the basis for an action plan to revamp the system to meet the current and future needs of the Army.

#### **Today's Reality**

First, it is important to understand the actions currently being taken by DOD and the leadership of the Army civilian personnel program to deal with budget reductions and other shifts external and internal to the CPA program's organizational

framework.

The Army is in the middle of the most severe budget reductions it has known in recent history. Without knowing the specifics of the Clinton FY 94 defense budget, we can assume that the Army's share of DOD cuts will amount to at least \$2.5 billion with similar cuts continuing through 1997 (AUSA 1993, 58). To achieve economies and efficiencies and deal with the personnel issues involved with the decrease in dollars for payroll and for other administrative support, the leadership of DOD and of the Army's CPA community have already implemented or are recommending the consolidation of civilian personnel administration services and functions. Consolidation is an organizational restructuring activity which collapses and centralizes the structures of the organizations.

DMRD 974, approved in December 1992, consolidated ten common functions at the DOD staff level. Civilian Personnel Officers from Army CPOs worldwide attending the Civilian Personnel Drawdown Training Workshop held in July 1992 recommended:

"that Army move rapidly to regionalize certain civilian personnel administrative functions and operations to foster improved servicing and to posture itself organizationally, structurally, and economically to attract non-Army and reimbursable service arrangements" (ODCSPER 1992).

The Army is testing this concept of consolidating administrative services at regional processing centers at various locations.<sup>16</sup> In support of this concept, the U.S. Total Army Personnel Command published in October 1992 the results of an inhouse special study, Reshaping the CPO & EEO Organizations.

The stated study objective was to "develop a plan and recommendations ... for the delivery of civilian personnel and equal employment opportunity services to meet mission needs with reduced resources" (PERSCOM 1992). The report presented four options as its final recommendation, all relating to the elimination or consolidation of organizations.

At the same time they are considering massive reorganizations, the CPA leadership is attempting to redefine Army human resource management needs through a process they call "HR Strategy." Their focus appears to be more on managing the individual changes being driven by DOD and the budget process rather than on answering the fundamental questions of what does the Army need the CPA or to do, and how does the leadership design the program to meet these needs.

The Reshaping the CPO & EEO Organizations study, cited as one of the bases for the formulation of the HR strategy process, provides some useful information on what functions commanders and managers want from the CPA program. While the study was chartered to look principally at structural options, the interview guides in the study report do include questions on the value of services provided by the CPO.

The study team members asked commanders and key managers what the most important service was they need from their CPO and whether there are services they need that they are not receiving. The narrative report says that 46 percent of the commanders queried value "expert advice" from the CPO and think that

recruitment and placement (45 percent) is the most valued CPO function. Key managers value the Position Management and Classification function most highly, but believe that the recruitment and placement service of filling vacancies and CPO advice were the most important CPO services.

The report consolidates this information statistically to show the level of satisfaction that different customers have with CPO service. The level of satisfaction is very high: 74 percent of commanders, 81 percent of managers, and 88 percent of Equal Employment Opportunity Officers indicate they receive the support and service they need from the CPO.

Sage Associates, Inc., under a contract to the U.S. Total Army Personnel Command and as part of the HR strategy process delivered a draft report in March 1993, titled Common Personnel Policy and Regionalization of Personnel Support. Their mission was to:

"Determine what support Army Leaders must retain in an environment in which:

- (1) Personnel Policy is commonly developed by DOD, and
- (2) operating Civilian Personnel support is provided on a regionalized basis" (Sage 1993, 4).

Data were obtained from interviews with a variety of people at different organizational levels in the Army: HQDA senior leaders at both the Secretariat and the Army Staff levels; career program Functional Chiefs<sup>17</sup>; General Officer Staff Agency Chiefs and SES leadership at the MACOM level; and, installation level commanders, managers, personnel specialists, employees and union officials. While the contractors obtained a great deal of

opinion data on perspectives on consolidation, that was not their purpose. Their data collection efforts centered on ascertaining what administrative functions the respondents believed must be retained at the MACOM or installation level, given the trend towards consolidation.

The contractors found that customers would not tolerate a decrease in CPO efficiency and that they would only favor consolidation if they were able to communicate easily with the CPO staff if that staff were no longer physically located at their installation. At the MACOM and HQDA levels, the view was that any consolidation of personnel administration functions must not spread to personnel management functions. That is, commanders and managers said that they "must retain the authority to hire, fire, promote, select, discipline, reward, separate, and retire the DA Civilian workforce in their command" (Sage 1993, 17). Finally, they found that while some survey participants were willing to accept consolidation, all were adamant that an on-site CPO presence must remain. They specifically wanted personnel specialists available with the following skills:

"The on-site presence must include persons who have a general knowledge of MER functions, recruitment and placement, position classification, a employee benefits. If the local labor union is active, a labor relations background would also be needed. The actual processing of the actions could be accomplished at any location. The need to have a working knowledge of the mission of the tenant units, and a familiarity with the working environment at the installation was a vital necessity" (Sage 1993, 52).

The Sage team, when interviewing commanders and managers about what functions should be retained at the MACOM or

installation levels, used the CPA functions as they are assigned currently as their basis. It was not in their charter to solicit information on program inadequacies or on additional functions or services that if added to the program would substantially increase mission accomplishment. Also, they did not question what level of service should be delivered. Determining the level of service equates to the stage of development of the HR program discussed in chapter two of this paper. The Sage team did not ask customers if they wanted a civilian personnel program that was oriented more toward integrating civilian personnel issues into the business decision making process, a function of a more developed HR program, for example.<sup>18</sup>

#### **Planning: A Concept for Managing Change**

What of Drucker's point that structure should follow strategy and objectives? As discussed in this paper, the Army has made some attempts to look at service delivery; but, its primary focus, to date, has been on structural change in the belief that this would streamline work processes and achieve efficiencies. Its attempts to determine what services to deliver should be expanded and should be done prior to expending any significant amount of resources (people, time, dollars, equipment, training) on structural consolidation.

There is only one way to manage change of the magnitude that the Army and the CPA program currently faces: "It is the function of planning to make the impossible possible" (Ackoff 1981, 121). The purpose of a planning process is to help leaders

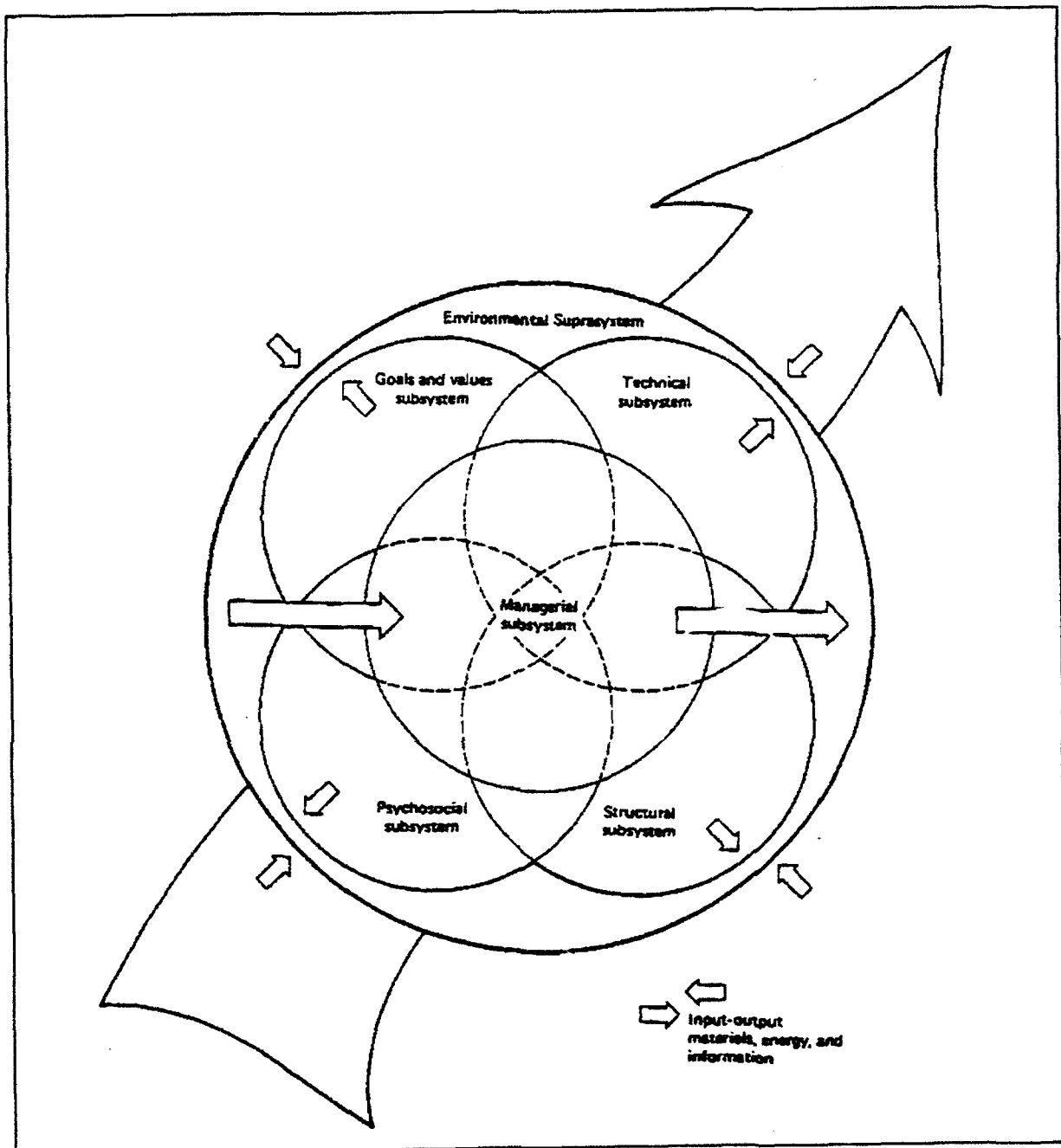
design an organization's future and develop an organized way of achieving it. Presented here is an outline of a strategic planning process developed by Dr. James T. Ziegenfuss, Jr. Dr. Ziegenfuss suggests the use of a systems model to capture data and issues necessary for planning. He then suggests that planners factor this information into an eight-step strategic planning process. It is not the purpose of this paper to apply the process presented here to the CPA program. Rather, it is, the intent to:

--Discuss how a systems oriented planning process can help the CPA program leadership manage its turbulent environment.

--Suggest a relatively simple method the Army leadership might use for conducting a planning effort geared at crafting the future rather than reacting to it.

#### **Planning and the Management of Change: How It Works**

Multiple interacting subfunctions operating at differing organizational levels characterize the CPA program. CPA, in turn, interacts with larger DOD and Army systems. An holistic approach, or a systems approach to planning, then, is the most effective way of analyzing this confederation of elements, subelements, and interaction points. The process developed by Ziegenfuss recognizes that an organization is "a set of systems operating within an environment" with each subsystem having an effect on the operation of the whole organization. That is, the subsystems and the organization of which they are a part are interdependent (1989, 10).



**Figure 4. K & R Model**

The Organization System: The Kast and Rosenzweig (K&R) Model. To build a framework within which planners can capture necessary issues, data and information while moving through the steps of the planning process, the use of a systems model is



recommended. Ziegenfuss uses the Kast and Rosenzweig sociotechnical model (K&R model) which he adapted to fit his planning process (1992, 512-517; USAWC 1992, 3-11). Figure 4 is a graphic depiction of the K&R model.

This model views the organization as a system made up of interrelated subsystems in an environmental suprasystem. The environmental suprasystem is the societal context that loosely defines the boundaries of an organization. The suprasystem can be defined in terms of controls, power, or influence since it provides the resources (inputs) for the organization and ultimately accepts the organization's outputs (USAWC 1981, 3-5). The organization subsystems are:

(1) **Goals and Values.** This subsystem includes the goals and values of customers, clients, and citizens of the broader sociocultural environment and their impact on the organization.

(2) **Technical.** This subsystem relates to the knowledge, equipment and techniques people use to accomplish work within the organization.

(3) **Structural.** The established pattern of relationships between the components of the organization are part of the structural subsystem. Some common sources of information on structure are organization charts, job descriptions, rules and procedures, communications flow patterns, chain of command, and work flow processes.

(4) **Psychosocial.** This is the human element of the organization, people with their own differences and patterns of

relationships. It recognizes the "organizational climate:" individual behavior and motivation, status and role relationship, group dynamics, influence networks and social relationship.

(5) **Managerial.** This subsystem, as shown in Figure 3, is where all of the subsystems integrate. It is the means of linking organizational subsystems and integrating organizational activities toward relevant goals. It defines the way managers at both the strategic and operational levels in the organization accomplish their work through goal-setting, developing control systems, setting up communications systems, and designing information and decision support systems, for example.

The Eight-Step Strategic Planning Process. The steps Ziegenfuss proposes are (1989, 10-13):

**Step 1. Planning to Plan.** In this step, participants in the planning process are chosen; a planning process is designed that fits with the organization's culture, leadership style and size; and, resource requirements are identified.

**Step 2. External Analysis through Environmental Scanning.** Here planners capture data on the issues impacting the organization from outside its boundaries using one or more of the external scanning techniques--environmental trend analysis, stakeholder analysis, competitive analysis, threat-opportunity analysis, or issues review (1989, 44-45).

**Step 3. Internal Review through Organizational Systems Analysis.** In this step planners gather data about the internal workings of their organization using the K&R model as a

framework. They then analyze the strengths and weaknesses of each of the five K&R subsystems and consider whether the strengths and weaknesses are threats or opportunities for the future of the organization (1989, 57-62).

**Step 4. Creative Design or Redesign of Desired Future.** In this step of the planning process, participants design/redesign their organization in any way they see fit. The only constraints imposed are that their future scenario is technologically feasible, operationally viable, and sufficiently flexible to be adaptable to future changes. This step allows the participants to be creative and consider incorporating into the program new ideas or solutions to old problems that they may have wanted to try in the past (1989, 73-75).

**Step 5. Matching the Current with the Desired Future.** Here the planners design a mission state for the organization by comparing the components of the current organization systematically with the desired future state developed in step 4 in terms of the elements of the K&R model--goals and values, technical, structural, psychosocial, and managerial systems (1989, 85). After completing this comparative analysis, the gaps between the two states are identified and compared. From this assessment process, the participants "confront their vision, grounds it in data, forces a focus on gaps, generates an action agenda and continues the education process for the planning participants" (1989, 86).

**Step 6. Choosing Strategies.** The participants now must

decide how they will achieve their organizational future (1989, 95). To do this, they must select a strategy for achieving their vision that will allow them to prioritize what they want to achieve and deal with the unpredictable or unknowable events that will occur as they progress. A strategy--growth, retrenchment, turnaround, development, opportunistic, restructuring, competitive, diversification--provides a focus for the decisions that must be made to achieve the vision of the organization's future.

**Step 7. Identifying Actions and Programs.** In this step the planners must develop their campaign plan to move from vision to strategy to actual operations. They must establish overall priorities for achieving the vision. They must decide which of the systems outlined in the K&R model should be tackled first to make change happen. Then, they must move to the creation of programs, the identification of new ones, and the redirection of existing programs (1989, 109-111).

**Step 8. Linking Strategy to Operations.** Here the planning process moves into the implementation phase. The planners must link the vision, the accompanying strategies and prioritized actions to the organization's operations and budgeting cycles.

It is important that organizations not become slaves to a planning process. (Kanter 1983, 14). Following the steps outlined above, then, is not as important as using some sort of organized process for developing and moving the CPA program into a desired future. With the understanding that outcomes are more

important than process, applying the steps discussed above to the CPA program is a method the Army leadership could use to create its organizational future.

### **Summary and Conclusions**

There are many benefits to an organized approach to planning. The most important benefit is that planning can provide a means for breaking out of the traditional ways of doing business and developing a future for a function that meets the needs of the organization. Planning also is the most effective way of managing change. This chapter presents an eight-step planning process and a sociotechnical model as suggested mechanisms for helping Army policy makers design a planning process supportive of managing the changes which the CPA program is facing due to massive downsizing and policy shifts.

Army planners must understand exactly what functions are currently assigned to the CPA program, and they must know what other practitioners and academics see as the state-of-the-art in professional personnel practice. This information grounds them in the present and gives them options to consider for the future. If they chose to charter a strategic planning process as outlined in the paper, they should then be prepared to integrate this information with the results of more comprehensive environmental scanning methods into their planning deliberations.

## SUMMARY AND CONCLUSIONS

The purpose of this paper is to suggest to the Army leadership that only by participating in a strategic planning process will they be able to manage the change present in their environment. To justify this concept, it presents information they can use to decide whether or not developing and implementing a strategic plan would benefit the Army and the CPA program.

The magnitude of the cuts facing the Army's civilian work force, of which the civilian personnel community will take its share, requires an organized and deliberate approach to analyzing, validating and revising its current mission and functions. The issues that the policy makers and the operating personnel specialists face are multi-dimensional. They must continue to deliver services within the current complexity of legal and regulatory restraints, often Federally imposed, while attempting to analyze their work processes in order to streamline them to accommodate budget and manpower reductions.

To minimize the impact on the civilian personnel administration community and the managers and employees who benefit from their services, this paper suggests that the Army leadership not implement isolated "fixes" to organizational issues. The best way of managing change to meet the future needs of the Army is through the implementation of a strategic planning process. Planners should design this process so that it looks at the organization in relation to its external environment and at the relationships of its internal subelements to the organization

as a whole.

Strategic planning is a process for abandoning preconceived notions based on existing operations, organizational culture, and views of threats and opportunities in the environment. It is a way for looking objectively at the environment both inside and outside the organization. Using the data derived from this analysis, the planning process helps the participants build a vision for the future.

As discussed in this paper, resources drive decisions in organizations. In the case of the CPA program, the leadership is responding to budget cuts and DOD consolidation efforts by reorganizing, adding technologies and studying selected aspects of the program. The strategic planning process presented here considers these efforts, but it looks beyond their narrow focus. It suggests that the CPA leadership design a vision of the future that is not driven by resource or policy constraints. With a workable vision--one that is technically and operationally feasible--the leadership can work with the Army resource managers and DOD policy proponents to figure out the best way of achieving all or the highest priority portions of the vision.

This paper outlines an eight-step process for conducting a strategic planning effort. A sociotechnical model is also presented to facilitate analysis of the interdependent subelements of the organization and the relationship of the organization to its external suprasystem. The spending of the peace dividend resulting in the on-going Army downsizing of the

civilian work force and DOD policy shifts are elements of this external suprasystem discussed in this paper.

The paper discusses several issues planners should consider in their review of the environment internal to the CPA program: the complexity of the CPA regulatory base and its programs, the propensity of the program leadership to reorganize, the value placed on technical excellence by members of the career field and the lack of understanding by the military leadership of how the CPA program operates.

Other than the value of the process, this paper presents an additional justification for planning. It examines the current state of the Army CPA program, its validated missions and assigned functions, its level of service and focus. It then compares it to private sector human resources programs. This kind of analysis is important to the planning process for two reasons. First, before planners can be creative and design an organizational future, they must know what their program currently does. This analysis also overcomes any assumptions planners may make about what functions are actually being performed at the operating level. Second, the review of the literature and the resulting lists of functions performed in the private sector serves as a catalyst for the creative generation of alternatives or options that can be considered for incorporation into the Army program.

In the comparative analysis of functions, this paper makes no qualitative judgements on the philosophies or functions of



either program. This is an area where managers and supervisors, the customers of the CPA program services, must determine the level of service for which they are willing to pay. Further comparative analyses need to be conducted between related occupations in the Army, specifically the Manpower Management and the Deputy for Personnel and Community Activities functions.

There are fundamental differences between the Army and the private sector programs. Many of the functions performed in the private sector are achievable under current Federal employment policies and, therefore, are possible options for the Army to consider as part of planning process as solutions to management issues.

In conclusion, I have tried to make the case in this paper that:

--Reorganization or technology interventions not done as part of an holistic approach to managing change will not achieve the most effective and efficient results for the Army. Only by building and implementing a vision of the best possible future, which takes into account the threats and opportunities in the environment internal and external to the CPA program, can the leadership meet the needs of the future Army.

--A strategic planning process, such as the one outlined in this paper, is the most effective way of designing a vision and subsequently managing change. This process allows the leadership to design an organizational future not constrained by traditional boundaries as is reorganization that can best meet the needs of

the entire Army.

--The leadership of the Army CPA program needs to understand what the fundamentals of their business are today in order to design a viable organizational future.

Planning can be a laborious process, the internal and external environmental scan processes. After it is done, however, it is much easier to develop action plans, prioritize and properly sequence actions, develop budgets, assess the degree of fit of the vision with its environment to achieve political harmony, assess training and career development needs, establish communications links, and assess technology requirements.

The Army is a large, mature bureaucracy with deeply embedded processes for planning for military requirements. Civilian work force planning is not as well integrated into these processes. This causes a disconnect between the needs of the Army and the ability of the CPA program to provide support. A close fit--HR working in concert with management to meet the needs of the organization--is the definition of a successful HR program according to the literature. This paper urges the Army leadership to begin a strategic planning process that will support the design of a civilian personnel administration program that successfully meets the Army needs.

## Endnotes

1. There are three main categories of civilian workers--military functions, civil functions, and nonappropriated funds. These categories are based on the source of salary dollars. Military functions workers are broken down into the following sub-categories: direct hire (U.S. citizen) and indirect hire (usually non-U.S. citizens employed outside of the United States and hired from the local population). Civil functions personnel normally work for the Corps of Engineers or the National Cemeteries and are paid under a separate appropriation made directly to the Corps. Nonappropriated fund civilians work in self-sustaining facilities such as, golf courses or bowling alleys which are not funded by dollars appropriated by Congress as are direct hire or indirect hire employees. Salary figures are not available for the 103,920 civilians employed in categories other than military functions/direct hire.

2. The principle customers of the civilian personnel administration function are Army commanders, managers, and supervisors. However, any analysis of customer requirements must include the needs of employees and job applicants who are the work force and of union representatives and Members of Congress whose organizations influence the rules by which the work force is governed.

3. It is important to note that the Army does not incorporate EEO and affirmative action policy into the civilian personnel administration program. It is managed separately by an EEO community to assure strict impartiality in the EEO complaint process.

4. The term "to effect personnel actions" as used here means to take an official action to hire, pay, train, develop and utilize, promote, or separate an employee. This is the official means of carrying out public policy as it is expressed in the statute, Executive order or regulation. Agency heads are either directly delegated authority or receive redelegations through the OPM to effect personnel actions and, thus, carry out the major aspects of the agency personnel management program.

5. While the DMRD 974 carries a classification of "For Official Use Only," all of the material presented in this paper I obtained from unclassified sources.

6. At the time this paper is being written, the political appointees of the Bush administration have not yet been replaced by Clinton appointees. It is unknown what direction the new administration's appointees will take toward consolidation of

functions and policy formulation. What is known is that OSD has always had the authority to write DOD-wide policy and to limit its supplementation by the Services. They have just never exercised this authority. Since we do not know what the attitude of the new administration's appointees will be, it is important that any analysis take this element of the unknown into consideration.

7. USAPEA is a field operating agency of the Office of the Assistant Secretary (Manpower & Reserve Affairs).

8. A restructuring of the organizations involved in civilian personnel policy at the Headquarters, Department of the Army, level is currently under consideration at this time. Therefore, functions will not be broken out by parent organization, but will be analyzed as headquarters level functions.

9. Two points must be made about MACOM civilian personnel programs. First, traditionally, each MACOM had a Director of Civilian Personnel. This Director was responsible solely for the operation of the CPA program within that Command; that is, advice to the MACOM commander and program and policy for subordinate civilian personnel offices. In the last five years, MACOM Commanders have begun to reshape this position by adding program responsibilities beyond those of the CPA program. The analysis of these additional functions is beyond the scope of this paper, but it becomes an important consideration in designing career ladders and individual training plans since these MACOM positions are filled by members of the CPA career program. Second, the HQDA Director of Civilian Personnel is currently in the process of reviewing the structure of the CPA program Army-wide. One recommendation under serious consideration is to abolish the MACOM CPA staff function and provide the same support to CPOs via a regional, cross-MACOM support activity.

10. Manage Civilians to Budget (MCB) is a business-oriented concept which relieves commanders and managers from HQDA imposed administrative controls, such as high grade ceilings and average grade controls. It also relieves them of civilian manpower limits other than those imposed by statute for certain manpower categories. It gives them the flexibility to develop and execute an approved budget--a civilian pay plan (CPP)--using the salary and benefits dollars associated with positions on the authorized column of the Table of Distribution and Allowances (TDA) as a planning baseline. The requirements column normally operates as the upper limit of the CPP.

11. This finding is the result of interviews conducted by Sage Associates, Inc., under contract to the Director, Civilian Personnel Management Directorate, U.S. Total Army Personnel Command. In their draft report, dated March 1993, Sage personnel reported that "Commanders, Managers, CP Staffs, and non-

supervisory personnel saw this function as key to their ability to perform their mission. The only other civilian personnel function that came close to MER was the Recruiting and Placement function, but that was a distant second" (Sage 20). The PERSCOM study, "Reshaping the CPO & EEO Organizations," states: "The most valued CPO functional area chosen by commanders was Recruitment and placement (45%), followed by Position Management and Classification (24%) and Management-Employee Relations (24%)..." (PERSCOM 1992).

12. An example of the move toward entrepreneurship in the Army/DOD environment is the DMRD 974 which tasks the Army to conduct a pilot test of competition among the DOD components for students in select training courses. Course deliverers would become self-sustaining and could actually make a "profit" if they were able to attract enough students to more than cover their production and marketing costs.

13. The term personnel manager is used here to include all those involved in decisions involved in the life cycle functions of personnel management (force structure, acquisition, distribution, training, deployment, sustainment, development, separation): force developers, personnel managers, and personnel proponents.

14. The vision and the organizational value were developed jointly by members of the staffs of the Assistant Secretary of the Army (Manpower & Reserve Affairs) and the Deputy Chief of Staff for Personnel, Directorate of Civilian Personnel, in 1991. There is no published documentation or plan for accomplishing this vision.

15. There is a Planning and Evaluation Division in the Civilian Personnel Directorate of the Office of the Deputy Chief of Staff for Personnel. Regulations recognize the evaluation function, but do not speak to the planning function.

16. The U.S. Army Training and Doctrine Command (TRADOC) has had a regional center, the Peninsula Civilian Personnel Support Activity, operating in Newport News, Virginia for over five years and is leading a test of consolidation of services of five civilian personnel operations at Fort Rucker, Alabama. The U.S. Army Corps of Engineers is beginning the process of regionalizing its Division personnel operations around the United States.

17. Certain professional, technical or administrative occupations common to most activities with large numbers of civilians employed in them are designated as Army career programs. A Functional Chief (FC) is the senior official in a career program occupation.

18. Chapter Two, pages 46-51, discusses the spectrum of the development of private sector HR programs. Each stage of development equates to a distinct level of program service or output.

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## APPENDIX A

### GUIDING PRINCIPLES: CIVILIAN PERSONNEL MODERNIZATION

- Civilian component is integral part of Total Army.
- Personnel policies and practices demonstrate respect for the individual.
  - CPOs/EEOs responsible for assisting leaders in earning confidence of employees
- Equal Employment Opportunity and other merit principles (Title V) are valid.
  - Affirmative recruitment from all appropriate sources
  - Fair and open competition
  - Selection and advancement based on qualifications
  - Fair and equitable treatment of employees and applicants
  - Retention based on performance
  - Work force used efficiently and effectively
  - Employees maintain high standards, integrity, conduct, and concern for public interest
  - Employees trained and educated where improved performance will result
- Given the responsibility, accountability, and the knowledge, military and civilian leaders will do what is right.
- Personnel management authority, responsibility, and accountability follow supervisory chain.
  - Includes responsibility for preventing prohibited personnel practices (Title V) and complying with laws, rules and regulations
  - CPO advises and provides service
- Simplicity and deregulation are key elements.
  - Avoid consistency of its own sake
- Peacetime policies and procedures follow, as closely as possible those of wartime.

## APPENDIX B

### A GENERALIST PERSPECTIVE IS ACHIEVED WHEN THE PERSONNELIST:

- Places top priority on customer service--knows who our customer is, what the customer's needs are, and what methods will serve the customer.
- Recognizes the responsibility inherent in the civilian personnel administration profession to uphold the law and the highest standards of professional ethics.
- Realizes that understanding the legal and regulatory base is a prerequisite to providing effective customer service, not an end in itself.
- Is proactive in changing rules and regulations to enhance efficient, effective customer service.
- Understands and identifies with the Army's mission, organization, leadership philosophy, values, ethics, customs, and courtesies.
- Understands the interrelationship among all functional specialties within CPA and the critical importance of cross-functional cooperation.
- Supports, in letter and spirit, the policies of the commander.

Source: Army Civilian Training, Education, and Development System (ACTEDS) Plan for Civilian Personnel Administration (CPA) Career Program, dated 22 March 1991.